S. Hrg. 99-684

REAUTHORIZATION OF THE COMMUNITY SERVICE BLOCK GRANT PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON
CHILDREN, FAMILY, DRUGS AND ALCOHOLISM

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

REVIEWING PROPOSED LEGISLATION AUTHORIZING FUNDS FOR THE COMMUNITY SERVICE BLOCK GRANT PROGRAM

MARCH 20, 1986

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REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT PROGRAM

THURSDAY, MARCH 20, 1986

U.S. SENATE,
SUBCOMMITTEE ON CHILDREN, FAMILY,
DRUGS AND ALCOHOLISM,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:28 a.m., in room SD-562, Dirksen Senate Office Building, Senator Paula Hawkins (chairman of the subcommittee) presiding.

Present: Senators Hawkins and Grassley.

OPENING STATEMENT OF SENATOR HAWKINS

Senator HAWKINS. Good morning. I call this hearing to order.

Today we are holding a reauthorization hearing on the Community Services Block Grant, a Federal program which has as its mandate a range of services and activities having a measurable and potentially major impact on the causes of poverty.

Today's reauthorization hearing is for a small program, at least in terms of Government spending. The budget for the Community Services Block Grant for an entire year is significantly less than a single day's interest on the national debt. In fact, the amount of money that Americans spend on tobacco products in 1 week would provide for 1 year's funding for CSBG, with a 60-percent increase in their budget. Yet the Community Services Block Grant is a highly controversial program. It has been targeted for elimination by the administration several times in the past, but like the phoenix, it continues to rise from each generation of budget cuts.

Today's hearing is part of a factfinding process. The witnesses have been chosen carefully to represent each level of government that handles CSBG money. In addition, we have chosen witnesses who have been involved in the delivery of services.

Finally, I have invited the General Accounting Office to provide us with the details of a recent study of the use of funds in CSBG.

As part of the factfinding process, we will hear testimony that suggests the elimination of this program. In the past, the detractors of the program have claimed that the services offered under CSBG duplicate other programs for the poor. They have claimed that because the same services are being provided elsewhere, these programs are not essential and cannot be afforded in today's economy.

Furthermore, the proponents for eliminating CSBG feel that much of the money is being used to pay for administrators and to provide administrative services that have already been paid for by other Federal programs. Finally, they have said that the CSBG funds make up only 12 percent of the budgets of the Community Action Agencies and that well-managed programs can sustain this cut without being significantly hurt.

If these claims are true, CSBG must be eliminated. We cannot afford fat in our Federal budget. We cannot afford extra administrators and bureaucrats, wasted money and duplication of services. If the facts from this hearing support these claims, I will lead the fight to eliminate this Federal program.

However, there are strong and vocal supporters of the program who claim that this block grant is one of the most effective assaults we have mounted on the causes of poverty in our country. They refer to the program as a "boot strap" program that helps people help themselves, that creates new jobs for the unemployed at half the cost of similar programs in the Department of Labor and that encourages its participants to feel self-esteem and pride in work well done.

These proponents argue that when we talk of a safety net that protects Americans from starvation, homelessness, and lack of medical care, the small amount of money in this program provides the knots that hold the strands of that safety net together.

Just as I have pledged to work for the elimination of this program if it is wasteful and duplicative, I will also be in the forefront for its reauthorization if it proves to be a cost-effective way to overcome the problems of poverty and to help people become self-sufficient, self-supporting citizens.

In preparation for this hearing, I visited several Community Action Agencies in Florida and learned about their programs, met some of their participants, and was impressed with what I saw. Several weeks ago, I got the preliminary findings of the GAO Report, which found very little duplication of services.

Finally, I studied constituent letters—and here are some of them—that I have received about this program. In the last month alone, we have received 8,000 telephone calls and handwritten letters from Floridians. And they are not form letters, as you can see. They are handwritten.

> Dear Senator Paula Hawkins, I am a concerned citizen. I vote Republican. I am writing to inform you that I have enjoyed and still am a part of the good old Senior Citizens Meals Program and am asking your support in keeping the Head Start and Community Services Block Grant together. Sincerely, Olga Gonzalez, Homestead, Florida.

You can pick up any of these and find the same thing.

> This plea is in regard to the fear that our POC called "Chore Ladies" might be taken from us. "Us" is the old and the poor and the sick, elderly senior citizens who are disabled, as I am. I have only one lung because I had to have chest surgery twice, for two thoracoplasties, that is, the removal of eight ribs in the left chest to permanently collapse the left, diseased lung. This surgery has mutilated my body. The doctors down here say the surgery was performed in Casey, Missouri. It causes constant pain—I imagine you understand that—and I am unable to do my housecleaning.
>
> When the Chore Ladies come, they do a superb job of shampooing the carpet, washing windows, washing or cleaning of the cupboards and walls.

I sure wish you could help me and all who need them to keep a homemaker. I have a Kelly Girl now, four hours a week.

Thank you, and sincerely, Wanda Cornell.

We could spend the entire morning reading these letters. They dramatically describe the individuals' feelings about this program.

But uniformly, these letters plead for the continuation of programs that allow the working poor to continue to work because the CAAs provide adequate, low-cost child care and Head Start programs.

The elderly, the ill and the infirm have written that community action programs in their small towns have allowed them to remain in their homes rather than in expensive nursing homes, because they can get support services and transportation to the doctor. Letters in Spanish tell of programs for new immigrants who need help with learning English and job training.

I learned about good programs that help poor rural communities develop plans for adequate sewage systems and hook-ups to city water lines. I learned that CSBG funds provide a sports program each summer for over 55,000 poor children, and this program combines competitive athletic opportunities with drug education, remedial school work when necessary, and free medical examination. Each Federal dollar spent on the sports program leverages two dollars of non-Federal money.

When I began this reauthorization process, I had a very neutral feeling toward the CSBG. As a result of my investigations, I am becoming more favorably disposed toward the program. I am looking forward to the information that will emerge from the testimony today.

[The opening statement of Senator Grassley and the prepared statement of Senator Kerry follow:]

OPENING STATEMENT OF SENATOR GRASSLEY

Senator GRASSLEY. Madam Chairman, thank you for holding this hearing today on the reauthorization of the Community Services Block Grant.

It is no secret that I have long been a fan of this program. Last year I was prepared during the Senate debate on the budget resolution to offer an amendment to restore funding to CSBG which was targeted for elimination by the administration. Fortunately, after much back-room debate, these funds were included in the final budget packjage. Again, in the administration's fiscal year 1987 budget, CSBG faces zero funding, and I worked on the Budget Committee to ensure that the Community Services Block Grant was included in the committee's budget resolution which was reported out yesterday.

Community Services Block Grant [CSBG] dollars are an integral element in allowing local community action agencies to effectively provide a broad range of locally needed human services. It is important to maintain a program such as this which promotes self-suficiency and opportunities for independence.

The community action agencies perform irreplaceable services for low income Americans, most of which would not continue in the absence of the Community Services Block Grant. The flexibility and accessibility of CAP's make them the frontline defense of low-income families facing emergencies such as the thosands of newly poor farm families who have sought counseling services and even surplus commodity foods at rural CAP's this year. In west central Iowa, a community action agency reported that an unusually large percentage of its clientele are farmers or farm families. They represent the fastest growing segment of those using the services of the community action agencies in that region.

Families who have been self-sufficient in the past are using the community action agencies for emergency food pantries, job placement, and information on the resources available.

There services are traditionally the only recourse for the estimated 14 million American households who are poor but who do not participate in the conventional income support programs offered by State welfare systems. The working poor, the near poor, and the elderly who are too proud to "go on welfare" typically turn only to the CAP's.

Community action agencies that receive CSBG funding are not a duplication of the welfare system. They promote economic development in the communities they serve, as well as provide programming that promotes self-sufficiency, not dependency. CSBG funds are used to provide short-term assistance, not long-term maintenance. They are used daily as a referral by the Department of Human Services to prevent persons from becoming dependent upon the welfare system for maintenance.

I look forward to hearing from this fine panel of witnesses. I especially welcome Jim Lynch, director of local government affairs with the Iowa Office of Planning and Programing. Jim is also here as a representative of the National Association of State Community Services Programs. Welcome.

STATEMENT BY SENATOR JOHN KERRY

REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS, AND ALCOHOLISM

MARCH 20, 1986

GOOD MORNING. I WOULD LIKE TO WELCOME OUR WITNESSES AND THANK THEM FOR TESTIFYING TODAY ON THE REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT.

AS AN ORIGINAL COSPONSOR OF SENATOR STAFFORD'S HUMAN SERVICES REAUTHORIZATION ACT OF 1986, WHICH REAUTHORIZES THE CSBG FOR THE NEXT FOUR YEARS, I AM PARTICULARLY COMMITTED TO WORKING TO ENSURE THE CONTINUATION OF THIS VITAL PROGRAM.

WE HAVE WITNESSED AN UNPRECEDENTED RISE IN POVERTY IN THIS COUNTRY. CURRENTLY MORE THAN 33.7 MILLION AMERICANS FALL BELOW THE OFFICIAL POVERTY LINE, AND THE POVERTY RATE IS NOW THE HIGHEST FOR ANY NON-RECESSION YEAR IN ALMOST TWO DECADES. EVEN MORE STARTLING IS THE FACT THAT ALMOST 40% OF THOSE IN POVERTY ARE CHILDREN.

THE REASONS FOR THE EXISTING CONDITION OF POVERTY ARE NUMEROUS, BUT THERE IS LITTLE DOUBT THAT THE GOVERNMENT HAS A ROLE TO PLAY IN PROTECTING THE HEALTH AND WELFARE OF ITS CITIZENS. PART OF THE PROBLEM TO DATE, HOWEVER, HAS BEEN THE FACT THAT THE FEDERAL GOVERNMENT TENDS TO RESPOND TO OUR SOCIAL PROBLEMS REACTIVELY INSTEAD OF

PROACTIVELY. WHILE RECOGNIZING THE NEED TO AMELIORATE THE EFFECTS OF POVERTY AND SOCIAL INJUSTICE, WE, AS LEGISLATORS, MUST BEGIN TO FIND WAYS TO ADDRESS THE CAUSES OF POVERTY. WE MUST BEGIN TO INITIATE PREVENTIVE SOLUTIONS OR WE RUN THE RISK OF TRAPPING A LARGE SEGMENT OF OUR POPULATION IN A SELF-PERPETUATING AND DESTRUCTIVE CYCLE OF POVERTY. I STRONGLY BELIEVE THAT THE CSBG IS A PROGRAM DESIGNED TO ACHIEVE SUCH A PREVENTIVE SOLUTION.

FOR THE SIXTH YEAR IN A ROW, HOWEVER, THE ADMINISTRATION IS PROPOSING TO ELIMINATE THE CSBG. IN ADDITION, THE PRESIDENT RECENTLY ISSUED A RESCISSION OF $182 MILLION FOR FY 1986, MORE THAN HALF OF THE AMOUNT APPROPRIATED TO THE CSBG BY CONGRESS. IN DEFENDING ITS PROPOSAL TO TERMINATE THE CSBG, THE ADMINISTRATION NOTES THAT THE CSBG IS DUPLICATIVE OF OTHER SOCIAL SERVICE PROGRAMS, SUCH AS THE SOCIAL SERVICES BLOCK GRANT, AND THAT THE SERVICES PROVIDED BY CSBG CAN EASILY BE ABSORBED BY SSBG. YET, THE PRESIDENT'S BUDGET FOR FY 1987 PROVIDES A MERE $2.8 MILLION INCREASE FOR THE SSBG, WHILE EXPECTING IT TO PICK UP CSBG SERVICES CURRENTLY FUNDED AT A LEVEL OF $354 MILLION. THE DOLLAR FIGURES ALONE ARE LUDICROUS AND THE SOCIAL PRIORITIES THAT THE NUMBERS

REFLECT ARE BLATANTLY INSENSITIVE TO THIS POPULATION'S NEEDS. A CRITICAL MEASURE OF ANY SOCIETY IS HOW IT TREATS ITS MOST DISADVANTAGED MEMBERS. IN THE FACE OF RISING LEVELS OF UNEMPLOYMENT, HOMELESSNESS, HUNGER AND MALNUTRITION, I FIND IT UNCONSCIONABLE FOR THE ADMINISTRATION TO PROPOSE THE ELIMINATION OF YET ANOTHER ELEMENT OF OUR SOCIETY'S QUICKLY ERODING SAFETY NET IN THE HUMAN SERVICE AREA.

POVERTY HAS MANY DIFFERENT CAUSES AND CERTAINLY REQUIRES DIFFERENTIATED REMEDIES. THE CSBG PROGRAM HELPS TO PROVIDE SOME OF THESE DIFFERENTIATED REMEDIES. THROUGH NUTRITION AND TRANSPORTATION PROGRAMS; HOUSING AND EMPLOYMENT SERVICES, AS WELL AS EDUCATION, OUTREACH, INFORMATION AND REFERRAL PROGRAMS, CSBG SUCCEEDS IN FILLING IN THE GAPS. MORE IMPORTANTLY, THE CSBG PROGRAM HELPS TO IMPROVE THE STANDARD OF LIVING OF LOW-INCOME PERSONS, AND TO ENCOURAGE SELF-SUFFICIENCY AND INCREASED COMMUNITY INVOLVEMENT.

RATHER THAN DUPLICATING SERVICES, THE COMMUNITY ACTION PROGRAMS (CAPS) FUNDED THROUGH THE CSBG, SERVE AS A VITAL ADJUNCT TO EXISTING SOCIAL SERVICE PROGRAMS. IN

MANY CASES, THE CAPS CATCH THOSE WHO MIGHT OTHERWISE FALL THROUGH THE CRACKS OF THE SOCIAL WELFARE SYSTEM. THE STRUCTURE AND GUIDELINES OF THE CSBG PROGRAM ARE FLEXIBLE ENOUGH TO ALLOW LOCAL CAPS TO BE INNOVATIVE IN THEIR APPROACH AND TO TARGET THE SPECIFIC NEEDS OF THE COMMUNITIES IN WHICH THEY OPERATE. THIS ADDED FLEXIBILITY ALLOWS FOR QUICK RESPONSES, SUCH AS PROVIDING EMERGENCY MONEY FOR FOOD OR FUEL, AND MORE OFTEN THAN NOT, IS SUCCESSFUL IN PREVENTING SMALLER PROBLEMS FROM BECOMING LARGER ONES.

IN MY OWN STATE OF MASSACHUSETTS WE RECEIVED A LITTLE OVER $8 MILLION IN CSBG FUNDS IN FY 1985. THIS MONEY WENT TO FUND 25 COMMUNITY ACTION AGENCIES (CAAs) IN URBAN AND RURAL AREAS ACROSS THE STATE. THE SERVICE AREAS SERVED BY THE CAAs ACCOUNTED FOR 80% OF THE STATE'S POVERTY POPULATION. IN MASSACHUSETTS WE HAVE WITNESSED THAT THE AVAILABILITY OF CSBG FUNDING HAS ALLOWED A VARIETY OF OTHER POVERTY ASSISTANCE PROGRAMS TO OPERATE MORE EFFECTIVELY AND HELP OUR ECONOMICALLY DISADVANTAGED CITIZENS. IN FACT, FOR EVERY DOLLAR OF CSBG FUNDS USED BY A CAA, 15 ADDITIONAL DOLLARS ARE

LEVERAGED FROM OTHER SOURCES, SIGNIFICANTLY ENHANCING EXISTING PROGRAMS.

THE CSBG SERVES A VITAL FUNCTION IN OUR SOCIETY BY NOT ONLY IMPROVING THE STANDARD OF LIVING FOR A LARGE SEGMENT OF OUR POPULATION, BUT ALSO BY HELPING TO ALLEVIATE SOME OF THE CAUSES OF POVERTY AND ENABLING POOR PEOPLE TO ENTER THE MAINSTREAM OF AMERICAN LIFE. AS LEGISLATORS WE HAVE AN OBLIGATION TO ENSURE THAT IMPORTANT HUMAN SERVICE PROGRAMS SUCH AS CSBG ARE ABLE TO FUNCTION AND TO SERVE; AND I CANNOT EMPHASIZE STRONGLY ENOUGH, MY COMMITMENT TO THE CONTINUANCE OF THE COMMUNITY SERVICES BLOCK GRANT.

I THANK YOU ONCE AGAIN AND I LOOK FORWARD TO TODAY'S TESTIMONIES.

Senator HAWKINS. Our first witness is Mr. Jerrold B. Speers, who is the Acting Director of the Office of Community Services, Department of Health and Human Services.

Mr. Speers, I would appreciate it if you could remain for the entire hearing today. There are a lot of interesting witnesses, and I need to ask you some questions for clarification that may arise during the testimony of the other witnesses.

We look forward to your statement.

JERROLD B. SPEERS, ACTING DIRECTOR, OFFICE OF COMMUNITY SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. SPEERS. Thank you, Senator. I would be very happy to stay for the whole hearing.

Senator HAWKINS. We look forward to your statement.

Mr. SPEERS. Madame Chairman and members of the committee, I thank you for the opportunity to appear before you today to discuss the reauthorization of the Community Services Block Grant Program.

The administration opposes reauthorization of the CSBG. In taking this position, we do not mean to imply that the work of the Community Action Agencies which deliver services to the poor under the CSBG has not been worthwhile.

Quite to the contrary, we emphatically make the point that the termination of the Community Services Block Grant is not a termination of the Community Action Agencies and that effective Community Action Agencies will continue to benefit the poor without the necessity of funds from the Community Services Block Grant.

The question before Congress is whether the Federal Government can continue, in the context of the fiscal emergency addressed by Gramm-Rudman-Hollings, to fund a variety of programs which, like the Community Services Block Grant, are not vital to programs that aid the poor.

Any program ought to be able to pass two tests: It must be unique, that is, nonduplicative of other programs, and it must be an essential program. The Community Services Block Grant Program fails both tests.

The Community Services Block Grant duplicates other programs in several ways. Funds are often used to provide administrative costs for other programs which themselves are allowed administrative costs, and it provides the same kinds of services to low-income persons as other Federal programs in both the block grant and the discretionary portions of the program.

The 860 Community Action Agencies which receive nearly 90 percent of the Community Services Block Grant appropriation use a substantial portion of this money to help defray administrative costs incurred in delivering programs such as Head Start, energy assistance, and job training, which are supported from other Federal sources, rather than to provide direct services.

Although the exact percentage of this duplication of administrative moneys is unknown, GAO reports have indicated that Community Action Agencies use a range of from 30 percent to even 100 percent of their CSBG funds for administrative purposes.

It should be noted that among the thousands of service providers which deliver these programs, the CAA's are the only ones which are able to use two sources of Federal funds for administration. The other providers of such services either find the administrative allowances for these programs adequate, or they are able to leverage additional administrative moneys from non-Federal sources. Effective CAA's surely ought to be able to emulate these successes, were the Community Services Block Grant to be terminated.

A second kind of duplication found in the CSBG Program is the use of Block Grant funds for direct services that are the same in kind as those provided under other Federal funding authorities. Although the specific activities provided by Community Action Agencies under the Community Services Block Grant may differ among the Community Action Agencies and from those provided by other sources of Federal funding, the kinds of services provided—that is, those that are designed to lessen dependency and to attack the causes of poverty—are the same.

In a period of mounting Federal deficits, this kind of duplication is clearly unjustified. Congress, in authorizing and appropriating funds for social service programs other than the CSBG, did not assume a CSBG offset, but provided sufficient funds to cover the Federal share of all program costs, including those for administrative overhead and those for direct services.

The use of two sources of Federal funds to deliver essentially the same kinds of programs inflates costs and produces inefficiencies at both the Federal and State level of program administration.

Nowhere is this kind of duplication more apparent than in the case of the CSBG and Social Services Block Grant, the SSBG.

There is clear duplication in the sense that: One, both Block Grants have as one of their principal purposes the delivery of the same broad kinds of services—"human" or "social" services; two, both Block Grants serve essentially the same population—people who are indigent or who have limited income; three, both Block Grants have in common the goal of decreasing dependence on public assistance and encouraging self-sufficiency, and four, both Block Grants require duplicative regulations and administrative mechanisms at the Federal and frequently at the State level.

Extensive duplication is also found in the "discretionary" portion of the CSBG Program. This portion, roughly 9 percent of the total, is used for direct Federal grants to some 75 to 80 private and public organizations operating projects in such areas as community economic development, rural housing rehabilitation and repair, drinking water and waste water facilities improvement, and assistance to migrant and seasonal farmworkers.

The activities supported by these projects are the same in kind as those supported from other funding sources within the Departments of Housing and Urban Development, Agriculture, Labor, and the Environmental Protection Agency.

The foregoing discussion has focused on the issue of duplication. The CSBG also fails the test of essentiality. It is essential neither to the provision of a social safety net for the poor nor to the continued operation of the community action agencies. Its funding represents only a fraction—less than 1 percent—of the multibillion-dollar programs, such as AFDC, food stamps, and Medicaid, which make up the true social safety net and which Congress has exempted from any reductions under Gramm-Rudman-Hollings. In its fiscal 1987 budget request, the administration is asking for more than $80 billion for a variety of income-tested and need-based benefit programs. Nor are the CAA's the only providers of those programs. Only $17 billion of the $80 billion represents funding for approximately 15 Federal programs which use the CAA's, along with thousands of other public and private organizations, as service providers; and of those programs, only about 15 percent of the benefits and services are provided by the CAP agencies. From such figures, it is clear that the CSBG is hardly essential to the provision of the safety net for the poor and that none of the safety net programs would be seriously affected by termination of the CSBG.

Nor is the CSBG needed for the survival of those community action agencies which have been performing effectively. This is evident from the fact that the CSBG accounts, on the average, for only 12 percent of CAA funding. Eighty-six percent, or $2.4 billion of CAA funds, including money for salaries and operating expenses, derives from other Federal funding authorities.

The argument is often made that CAA's utilize the CSBG to leverage other funds; yet, 86 percent of those funds derive from other Federal programs with separate congressional authorities and separate congressional appropriations, and which would continue to be funded or not regardless of the existence of the CSBG.

In conclusion, Madame Chairman, the proposal to terminate the CSBG is a proposal to eliminate a nonessential program which is simply duplicative of other far more substantial Federal programs to help the poor. Its elimination would mean a savings of over $1 billion over a 3-year period. At a time when the Congress and this Nation are desperately seeking ways to reduce and eliminate an annual deficit of over $200 billion, and when even truly essential programs are being asked to sacrifice, there is simply no justification for continuing to authorize the CSBG.

Thank you.

[The prepared statement of Mr. Speers follows:]

TESTIMONY

of

Jerrold B. Speers

Department of Health and Human Services

before the

Subcommittee on Children, Family, Drugs and Alcoholism

United States Senate

March 20, 1986

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today to discuss reauthorization of the Community Services Block Grant (CSBG).

The Administration opposes reauthorization of the CSBG. In taking this position, we do not mean to imply that the work of the community action agencies (CAAs), which deliver services to the poor under the CSBG, has not been worthwhile. Quite to the contrary, we emphatically make the point that the termination of the CSBG is not a termination of the CAAs, and that effective CAAs will continue to benefit the poor without the necessity of funds from the CSBG. The question before Congress is whether the Federal Government can continue, in the context of the fiscal emergency addressed by Gramm-Rudman-Hollings, to fund a variety of programs which, like the CSBG, are not vital to programs that aid the poor.

Any program ought to be able to pass two tests: It must be unique, that is, non-duplicative of other programs, and it must be an essential program. The CSBG Program fails both tests.

The CSBG duplicates other programs in several ways: funds are often used to provide adminstrative costs for other programs which themselves are allowed administrative costs, and it provides the same kinds of services to low income persons as other federal programs in both the block grant and discretionary portions of the program.

The 860 community action agencies (CAAs) which receive nearly 90% of the CSBG appropriation use a substantial portion of this money to help defray administrative costs incurred in delivering programs, such as Head Start, energy assistance, and job training, which are supported from other Federal sources, rather than to provide direct services.

In fiscal year 1986, the CAAs received approximately $2.4 billion from such other federal programs compared to only $335 million received from CSBG funds.

Athough the exact percentage of this duplication of administrative monies is unknown, the National Community Action Foundation, a lobbying group which represents the CAA network, states that as much as 40% of CSBG funds is used for overhead costs and that at least half of this is used to supplement the administrative budgets of other programs. GAO reports have indicated that CAAs use a range of from 30% to even 100% of their CSBG funds for administrative purposes.

It should be noted that among the thousands of service providers which deliver these programs, the CAAs are the only ones which are able to use two sources of federal funds for administration. For example, 48% of the Head Start programs, 44% of the heating programs under LIHEAP, and 93% of FEMA's emergency food and shelter programs are delivered by organizations other than CAAs. The other providers of such services either find the administrative allowances for these programs adequate, or they are able to leverage additional administrative monies from non-federal sources. Effective CAAs surely ought to be able to emulate these successes, were the CSBG to be terminated.

A second kind of duplication found in the CSBG program is the use of block grant funds for direct services that are the same in kind as those provided under other federal funding authorities. Although the specific activities provided by CAAs under the CSBG may differ among the CAAs and from those provided by other sources of federal funding, the kinds of services provided---that is, those that are designed to lessen dependency and to attack the causes of poverty---are the same. Many of the same activities funded under the CSBG are funded as well under other federal programs, and the choice of the specific activities used to achieve the goals of the programs should be left to the local providers. Because the goals are the same and the specific activities used to achieve those goals may be the same, the CSBG clearly is duplicative of other, multi-billion dollar, programs. For example, in 1984 37% of CSBG funds were used for food and nutrition programs including such activities as transportation for the elderly to congregate meal sites, and delivering home meals to the elderly, ill and handicapped. But the Department of Health and Human Services also provides 650 area agencies on aging throughout the country with $336 million a year for congregate meals and $67 million for home-delivered meals. The money is used by 1,000 contractors (only 91 of which are CAAs) to both buy and prepare food, deliver it to the homes of the elderly through the "Meals on Wheels" program and to transport the elderly to congregate meal sites. Similar duplicative expenditures are found in many other categories of direct services paid for from CSBG funds.

In a period of mounting federal deficits, this kind of duplication is clearly unjustified. Congress, in authorizing and appropriating funds for social service programs other than the CSBG, did not assume a CSBG offset but provided sufficient funds to cover the federal share of all program costs, including those for administrative overhead and those for direct services. The use of two sources of federal funds to deliver essentially the same kinds of programs inflates costs and produces inefficiencies at both the federal and state level of program administration. In addition, such duplication makes it extraordinarily difficult for state and federal evaluators to track the proper use of such funds or to assess the impact of expenditures on program clients and services.

The problem of costly overlap of social services delivery systems in general, at the State and local level, was noted by the Institute for Local Self Government in its report on the CSBG in June, 1982. The Institute commented: "The human services system in most States is a patchwork of categorical programs, block grant programs and combinations of the two. The way the system has developed over seventeen years has created problems of several programs providing the same services, clients that must recieve basic services from as many as five or more different programs and certain needy populations that receive no service at all."

In a similar vein, a 1983 National Governors Association report commented: "It is a misnomer to speak of a human services system. The enormous, costly effort to provide services to individuals is actually a patchwork of activities involving many different governmental agencies at the federal, State and local level. There is enormous duplication of services and widespread inefficiency in the system, along with a failure to produce the results expected."

Nowhere is this kind of duplication more apparent than in the case of the CSBG and Social Services Block Grant (SSBG). There is clear duplication in the sense that: (1) both block grants have as one of their principal purposes the delivery of the same broad kinds of services---"human" or "social" services; (2) both block grants serve essentially the same population---people who are indigent or who have limited income; (3) both block grants have in common the goal of decreasing dependence on public assistance and encouraging self-sufficiency; and (4) both block grants require duplicative regulations and administrative mechanisms at the federal and frequently at the state level.

It is clear, and it is important to emphasize, that the CSBG is not the only program that professes as its goal an attack on the causes of poverty as distinct from the maintenance approach of the typcial welfare program.

For example, the Social Services Block Grant Act clearly states one of its purposes to be the "encouraging of each state...to furnish services directed at the goals of (1) achieving or maintaining economic self-support to prevent, reduce or eliminate dependency (and) (2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency...". Another federal program with a major purpose to move low income people toward self-sufficiency is the Job Training Partnership Act program.

An effort to consolidate the delivery of SSBG and CSBG services is already underway in a number of States. For example, a January 1982, report on the SSBG by the American Public Welfare Association notes that "Kentucky and Massachusetts are looking at ways to eliminate duplication of services provided under Title XX (now the Social Services Block Grant) and under the Community Services Block Grant" (parenthesis added).

Termination of the CSBG would not only accelerate the trend toward consolidation of CSBG and SSBG activities at the State and local levels, and render the delivery of services at these levels more efficient and less costly, but it would also produce significant savings at the federal level through the elimination of duplicative staffs and regulations. Finally, it would give the States much more flexibility in choosing providers and in developing a mix of services best suited to the unique economic and social needs of a particular State. For all of these reasons, we believe Congress should pursue the idea announced in the first sentence of the SSBG Act and merge the two block grants. The first sentence of the Act reads, in part: "For purposes of consolidating Federal assistance to states for social services into a single grant...".

Extensive duplication is also found in the "discretionary" portion of the CSBG Program. This portion, roughly 9% of the total, is used for direct federal grants to some 75-80 private and public organizations operating projects in such areas as community economic development, rural housing rehabilitation and repair, drinking water and waste water facilities improvement, and assistance to migrant and seasonal farmworkers. The activities supported by these projects are the same, in kind, as those supported from other funding sources within the Departments of Housing and Urban Development (HUD), Agriculture, Labor and the Environmental Protection Agency (EPA). For example, community-based organizations seeking funds for rural housing rehabilitation and repair projects are eligible for assistance from HUD-administered Community Development Block Grant (CDBG) Program. In FY 1985, roughly $208-260 million in CDBG funds was used for housing rehabilitation and repair projects in rural areas. Funds for such projects are included in the Administration's FY 1987 request for $2.1 billion for the CDBG.

Similar duplication is found in funding authorities for economic development projects. In FY 1985, over $500 million in CDBG funds was expended for economic development projects throughout the country that were no different in kind from those currently funded by the CSBG. Finally, the Department of Labor is requesting, for FY 1987, $58.2 million which can be used by private and public organizations to provide employment and training services for migrant and seasonal farmworkers.

The above figures yield but one conclusion: The duplication of adminstrative staffs and federal monitoring and auditing created by the discretionary authority of the CSBG Act is wasteful and unnecessary and constitutes another reason for terminating the CSBG.

The foregoing discussion has focused on the issue of duplication . The CSBG also fails the test of essentiality. It is essential neither to the provision of a social safety net for the poor nor to the continued operation of the community action agencies. Its funding represents only a fraction--- less than 1%--- of the multi-billion dollar programs, such as AFDC, food stamps, and Medicaid, which make up the true social safety net and which Congress has exempted from any reductions under Gramm-Rudman-Hollings. In its FY 1987 budget request, the Administration is asking for more than $80 billion for a variety of income-tested and need-based benefit programs. Nor are the CAAs the only providers of those programs. Only $17 billion of the $80 billion represents funding for approximately 15 federal programs which use CAAs, along with thousands of other public and private organizations, as service providers; and of those programs only about 15% of the benefits and services are provided by the CAAs. From such figures it is clear that the CSBG is hardly essential to the provision of the safety net for the poor and that none of the safety net programs would be seriously affected by termination of the CSBG.

Nor is the CSBG needed for the survival of those community action agencies which have been performing effectively. This is evident from the fact that the CSBG accounts, on average, for only 12% of CAA funding. Eighty six percent or $2.4 billion of CAA funds---including money for salaries and operating expenses---derives from other federal funding authorities. Only 2% was supplied by State and local governments and the private sector. To the extent that additional funds may be desirable to supplement programs administered by the CAAs, it is incumbent on these agencies to seek additional support from the state and local governments and to mobilize more private sector funds. State and localities are, in general, in much better fiscal shape than the federal government and should be able to provide more assistance than in the past for those community action agencies activities deemed essential by a particular state or local government. According to a fiscal survey conducted in July, 1985 by the National Association of State Budget Officers, the nation's States ended FY 1985 with a balance of about $5.4 billion, while estimates for FY 1986 place the ending general fund balance at about $4.2 billion surplus.

The argument is often made that the CAAs utilize the CSBG to leverage other funds. Yet 86% of their funds derives from other federal programs with separate Congressional authorizations and appropriations and which would continue to be funded or not regardless of the existence of the CSBG.
The termination of the CSBG would create a powerful incentive for true leveraging by the stimulation of private sector contributions and would probably result in a substantial increase in support from such sources.

In conclusion, Mr. Chairman, the proposal to terminate the CSBG is a proposal to eliminate a non-essential program which is simply duplicative of other far more substantial federal programs to help the poor. Its elimination would mean a savings of over $1 billion over a three year period. At a time when the Congress and this nation are desperately seeking ways to reduce and eliminate an annual deficit of over $200 billion, and when even truly essential programs are being asked to sacrifice, there is simply no justification for continuing to authorize the CSBG.

Senator HAWKINS. Mr. Speers, CSBG allows 9 percent of the funds to be reserved at the Federal level for the Discretionary Grant Program. Could you explain to me how this money is awarded?

Mr. SPEERS. Yes, Senator. We publish a request for proposals in the Federal Register each year, and we receive approximately 400 applications for those funds. They are reviewed by independent field reviewers. Each proposal is reviewed by five reviewers who are private citizens around the country. Those reviewers place scores on the applications according to the criteria in the Federal Register. They are returned to the office, the scores are tabulated, and the applications are reviewed in the office and considered in relation to the scores that the reviewers have given those applications. Awards are made each year in approximately the fourth quarter, usually in September of each year.

Senator HAWKINS. Do you feel the projects receiving awards from this discretionary money are good projects that meet the criterion of—and I will quote—"producing permanent and measurable results that will reduce the incidence of poverty in the area targeted"?

Mr. SPEERS. The requirements of the awards are that the projects are targeted to low-income individuals. We have made a review of the area of economic development, for example. Approximately $100 million in this area has been awarded over the past 4 or 5 years that has resulted in approximately 15,000 jobs with respect to those awards. I would say that that would have to be compared with the resulting number of jobs that has occurred in the entire economic upsurge that we have had since 1981 of approximately 10 million jobs, and I think that it is the economic recovery that has created a great many more jobs in this country than this particular program. It is the economic recovery that we feel should be the focus of this committee and of the Congress in continuing that recovery so that many more jobs can be created.

Senator HAWKINS. Someone from your office indicated that this discretionary program is the most wasteful part of CSBG and that this money is supposed to be awarded for projects of national or regional significance, but that in reality, most of the projects have only a local impact. This party also claimed that this money is used for lobbying groups based in Washington, which are doing little for the causes of poverty.

Would you agree with any portion of that statement?

Mr. SPEERS. I am not aware of this money being used for lobbying groups in Washington. That would be a violation of Federal law.

The funds, as they are appropriated each year by the Congress, are appropriated into specific areas. Those areas are economic development, rural housing and rehabilitation, and water and waste water, and migrant and seasonable farmworkers. We are constrained to a large extent by the applications which we do receive. There have been a number of applications which we could say do in fact have national or regional significance and do present programs which may be replicated in other areas of the country.

There are a number of applications which we have received which may be said to be more specific in a particular area, either in one city or in one State. So we are constrained to a considerable degree by the applications themselves.

Senator HAWKINS. Is your office responsible for the selection and awarding of the discretionary grants?

Mr. SPEERS. Yes, Senator.

Senator HAWKINS. What kind of final evaluation does your office do on these discretionary fund projects?

Mr. SPEERS. When we receive the reviews back from the field reviewers with their scores, which are enumerated and placed on an average, we list the grants themselves according to the scores that are given by the field reviewers. Our office staff also reviews the applications to ensure that they do in fact meet the criteria under the law, that all of the portions of the application that are required are, in fact, included in the application, and there is a recommendation made by the office staff to the director and the deputies in the office who ultimately are making the choices. The applications are considered in the order in which the field reviewers' scores have placed them, and they are either funded or not funded at that point.

Senator HAWKINS. Since these programs are supposed to be demonstration programs, how do you distribute information about the successful projects, and how do you distribute information about unsuccessful projects?

Mr. SPEERS. They are not all supposed to be demonstration programs. But there are a number of them which could be applied in various other areas of the country.

There is not a formal effort on the part of this office to distribute the information; however, there is a good deal of information that passes back and forth between the grantees themselves, many of which used to be Community Development Corporations under the old Economic Opportunity Act. There is a viable network in existence, which does share a good deal of information.

Senator HAWKINS. According to the Federal Register Program Announcement No. OCS 85-1, discretionary grants are to be awarded competitively. I understand that there are grants that are awarded outside of the competitive process. Could you tell me what conditions lead to this and whether there is an official process for justification of such awards?

Mr. SPEERS. There have been some very minor grants which have been awarded outside of the competitive process, and there is an opportunity for the Secretary with a discretionary fund, as this is, to——

Senator HAWKINS. What is a "minor grant"?

Mr. SPEERS. We have made a grant, for example, of $50,000.

Senator HAWKINS. $50,000?

Mr. SPEERS. Yes, that is correct, outside of the competitive process. And generally, it is in an emergency situation in which the Secretary makes the determination that it is of such a nature that it could be made outside of the competitive process. It is very rare that that has occurred, however.

Senator HAWKINS. So you give the ACTION Program $500,000 a year?

Mr. SPEERS. That has been the case. I think there were 2 years in which the former director had made an award to ACTION for a

Vietnam Veterans Leadership Program, which is a job training program operated by the office of ACTION.

Senator HAWKINS. On February 18, Jim Miller, Director of OMB, testified before the House Budget Committee that the Community Services Block Grant is one Federal program that addresses the problems of the homeless. He did not appear to know this program had been targeted for elimination.

My concern is that no one seems to be looking at the interdependency of our social services programs; no one is taking care of the children, the families and the poor. As the Federal coordinating office for CSBG, do you set any guidelines or standards for State grantees to follow?

Mr. SPEERS. The guidelines and the standards are set forth in the law itself, Senator. I think you have raised a couple of points in the questioning with respect, for example, to the homeless. I believe that the Director of the Office of Management and Budget explained at a later time that he may have misspoke with respect to the CSBG itself being a program which is targeted to the homeless. It is not.

There may be CSBG funds in various areas that are used by the ultimate grantees for homeless problems, but it certainly is not the only source of Federal funding that is used for the homeless population in this country.

I would like to point out, for example, that the CDBG, the Community Development Block Grant, administered by the Housing and Urban Development Department, indicates that $74 million of the CDBG in the last year has been targeted for homeless issues. That is from the States and localities that have received those particular funds.

The question of providing guidance from the Federal coordinating office, I think deserves a good deal of addressing. The Congress itself, when it enacted the Community Services Block Grant, was very careful to spell out that there was not to be a Federal coordinating role or a Federal oversight role other than in a very minimal respect.

Congress severely limited the Federal role in enacting the CSBG. It stated specifically that the Secretary—and this is part of the legislation itself—the Secretary may not prescribe the manner in which the States comply with the provisions of this subsection.

The Senate report on the block grant legislation is even more explanatory, and it indicates that the Secretary is specifically directed not to interpret these requirements by regulation or otherwise go beyond the explicit boundaries of the limited Federal role clearly defined in the bill. No provision for secretarial approval is provided and intended. This is in the Senate report speaking about the Governor's plan for the CSBG that must be submitted to the Office of Community Services:

> Under no circumstances does the Committee want the Secretary to make judgments about a plan. Ultimately, the plan requirement is to create a public record, but one which is to be fluid, to reflect changes in the States' needs and attitudes. Accordingly, the Governor may alter his State's plan at any time, and the deficiencies in a plan cannot by itself be utilized as a basis for withholding a State's funds.

The Office of Community Services and the Department of Health and Human Services has interpreted the intent of the Congress to indicate that the limitations of the bill itself are to be the requirements that are imposed upon a State in administering the Community Services Block Grant.

Senator HAWKINS. So I take it that you have abdicated any control over the program?

Mr. SPEERS. The law does require that a plan be submitted, and it does require that the funds be used in a range of activities which are targeted toward the low-income population. We do have the oversight in the requirement that before a State may be a recipient of the Community Services Block Grant funds, that they do submit a plan, that they do make the assurances that the Governor himself must sign, that are required in the legislation. If they do so state and so represent to us that they assure us that the funds are to be utilized in accordance with the legislation, then a grant is made to that State.

Senator HAWKINS. Obviously, there is very little oversight. You have stated that you are supposed to do that. But I have copies of four out of the eight of last year's reports where there were problems cited. Yet, nothing is done about them. They talk about the need for strengthening the management areas of the Nevada OCS; to reduce the vulnerability of the CSBG Program to waste, fraud, and abuse and better insure its operation in compliance with the CSBG Act. They express concern that NOCS was being administered without adequate accountability to the legislature, the public or the Federal Government. They express great concern about the lack of adequate written policies and procedures. They were concerned about the lack of a visible and rational process for determining the use and distribution of all CSBG funds.

That is just for one State, but they all read the same. Four of the eight have great concern and are looking for some guidelines. So, even though you have the oversight ability, you by law, have to review them.

Do you just put them on your desk—what do you do with them?

Mr. SPEERS. Senator, we are required by law to make an evaluation each year of a number of the State grants. We have made 10 evaluations each year, and, therefore, have evaluated approximately 40 of the States at this point.

The evaluation from the State of Nevada which you have quoted from, I would say, is probably the most problematical of any of the evaluations that we have conducted to date.

For the most part, we have perhaps found some minor problems and made some minor suggestions in a particular State—for example, that the State provide a little more in the way of regulations or a little more in the way of procedure in reviewing the community action agencies' plans themselves. But for the most part, we have found only minor problems in the evaluations that we have conducted.

When we do find a situation such as in the State of Nevada, where we have indicated to the State that there may be some vulnerability when the audit is conducted, that there may be some vulnerability with respect to the expenditure of the Federal funds, we do work with that State in indicating what we feel those problems may be. We write to the State and share our conclusions with them and work with them in correcting those problems. In every case that we have indicated some problems so far, we have received a good deal of cooperation from the State and a good deal of responsiveness from the State. We have not had a situation where we feel that the problems are such that we need to withhold Federal funds from a particular State in the future. That is not to say that that might not arise at some point in the future, but we have been able to work with those States in correcting the problems to date.

Senator HAWKINS. You stated in your testimony that States will be able to find funds to replace the Federal CSBG funds, and yet since the beginning of the fiscal year, 17 States have had to cut their budgets because of fiscal difficulties.

How realistic is it to make a statement like that?

Mr. SPEERS. We are not claiming that in every case, the States are going to be able to replace those funds. What we are saying is that the CSBG is supplementary, is complementary to a number of other Federal programs, and a number of other State concerns, and that with the deficit the size that it is, that this is one program which should be eliminated, which may be eliminated, and that the activities that are conducted under the CSBG, if the States feel that those are of such priority that they must be continued, that they are able to appropriate some of their funds or use some of the other block grant funds for those particular activities.

It will be a situation where they will have to prioritize among the various activities that are provided.

Senator HAWKINS. If there is, as you allege, duplication between CSBG and SSBG Programs, why do you approve State plans that contain overlaps of service? Why don't you say this is already provided by another program?

Mr. SPEERS. We are saying that they fund the same types of activities. That is, they both provide funds for programs that have as a target the low-income individuals of this country. Both of them do that. And in many cases, the CAP agencies are in fact providing the same kinds of activities, the same kinds of services, to the same target population. And in that sense, the two are duplicative, and they do in fact overlap.

We are asking the Congress to eliminate this program because we do feel that we are able to save $335 million to $370 million each year because of that.

Senator HAWKINS. Have you ever personally visited a CAA?

Mr. SPEERS. In the past, before I became Director of this Office, I have visited CAA's.

Senator HAWKINS. How about last year?

Mr. SPEERS. No, I have not visited a CAA last year.

Senator HAWKINS. I would like you to visit some of the ones in my State of Florida. We have a witness coming later who is heavily involved in the CAA Program and who is now the mayor of Miami. His testimony, his experience and his background contradict almost everything that you have stated.

I feel, like other Senators who have approached me on this subject, that it is very clear Congress is not going to rescind this program. It has been recommended several times, and we are not going to do it unless something is going on out there that I have not found. I cannot find the votes for this.

Senator Hatfield spoke to me this morning. He requested that I ask—since it is very clear to him that Congress is not going to approve the recision of the third- and fourth-quarter CSBG funds—if you have made any provisions at all to assure that these funds get out as soon as possible after the April 15 response?

Mr. SPEERS. Yes, Senator. If the recision is not approved by the Congress, we have already prepared the grant papers and they are waiting to be signed. It will require an apportionment from the Office of Management and Budget before they will be able to be signed. But we are prepared to move and move immediately upon the decision of Congress with respect to the recision request.

Senator HAWKINS. Secretary Bowen proposed the creation of a Family Services Administration. OCS would then become part of that program. How do you think this would affect the program?

Mr. SPEERS. Well, the law certainly remains intact, and the Office of Community Services would remain intact. I think it is an administrative reorganization, and I do not believe it would affect the availability of the funds at all.

Senator, if I may, I would like to comment on your former comment with respect to the CAP agencies and just reiterate and emphasize that the proposal to eliminate the CSBG is not a proposal to eliminate the CAP agencies. Certainly, the CAP agencies conduct a number of programs and are the providers for a number of programs, such as Head Start and weatherization, LIHEAP, JTPL, which do in fact target the poor population and provide support for low-income people of this country.

The CSBG comprises on the average just 12 percent of the $2.4 billion that CAP agencies receive in other Federal programs. And the elimination of the CSBG would not affect or should not affect the providing of these other programs.

The other programs all have provision of administrative funds which the Congress itself has appropriated under those programs. In Head Start, for example, the Congress has indicated that 15 percent of the funds may be utilized for administrative purposes. If the CAP agencies are some of the administrators of the Head Start Program, they have received that administrative money under that program and should not be supplementing that with the CSBG funds.

I think it is important to note as well that some of the letters that you have received in support of programs for the poor—for example, you did mention the Meals on Wheels Program—refer to programs that are not supported by the CSBG. That program, for example, is supported under the Administration on Aging, and in fact the community action agencies comprise only 9 percent of the providers of that particular program. Ninety-one percent of the providers of the Meals on Wheels are not community action agencies and therefore do not receive one penny of the CSBG money.

Senator HAWKINS. But CAP agencies fill in when a community does not have that program.

Mr. SPEERS. Nine percent of the providers of that program are CAP agencies.

Senator HAWKINS. Thank you, Mr. Speers.

[Responses of Mr. Speers to questions submitted by Senator Hawkins follow:]

ADDITIONAL QUESTIONS FOR MR. SPEERS BY SENATOR HAWKINS

Question 1:

How do you see the role of your office?

Answer:

The Director of OCS is charged with the responsibility of administering the Community Services Block Grant program consistent with the statutory language outlining the program and the regulations more clearly defining it. As long as the statutory authority and responsibility continues, the program will be administered in accordance with that authority and responsibility. Within that framework, the Director also has the opportunity and responsibility to make recommendations to others within the Administration and to represent the Administration in its quest to identify priorities among the many budgetary demands on finite resources.

Question 2

Does your office set any standards or guidelines for State grantees to follow beyond those specified in the legislation?

Answer:

The Office of Community Services does not set standards or guidelines for State grantees to follow beyond those specified in the legislation.

A basic purpose of the block grant legislation is to simplify State grant administration and minimize Federal involvement by placing far greater reliance on State government. For this reason, HHS has declined to issue comprehensive standards or guidelines for any of its block grants. While HHS did issue a set of general procedural regulations for implementation of block grants (See attachment #1) these regulations do not establish performance guidelines or standards.

We believe that OCS should implement the Community Services Block Grant program in a manner that is fully consistent with the Congressional intent to enlarge the ability of the States to control the use of the funds involved.

Question 3:

What kinds of reports are required of CSBG grantees? How does your office review and evaluate these reports?

Answer:

Section 1742 of the Community Services Block Grant (CSBG) statute requires the States to prepare an annual report on the proposed use of CSBG funds and a report on the use of funds for the previous fiscal year.

The content required in the reports is contained in the CSBG statute which reads as follows:

> "SEC. 1742.(a) Each State shall prepare a report on the proposed use of block grant funds received by that State, including (1) a statement of goals and objectives, (2) information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served, and (3) the criteria and method established for the distribution of the funds, including details on how the distribution of funds will be targeted on the basis of need to achieve the purposes of the block grant funds. Beginning in the fiscal year 1983, the report required by this subsection shall include a description of how the State has met the goals, objectives, and needs in the use of funds for the previous fiscal year as identified in the report prepared pursuant to this subsection for that previous fiscal year..."

OCS does not prescribe any particular format for the reports nor elaborate on their content beyond what is specified in the Act. OCS reviews these reports in its review of the annual submissions made by States for CSBG funding.

The submissions for funding are reviewed only to determine that they are complete and in accordance with the statutory requirements for applications. OCS does not evaluate the content of the reports since to do so would violate the statutory discretion provided to the States in their use of funds.

Question 4:

What training and technical assistance are States providing local grantees? Are there training and technical assistance needs that you know of that aren't being met?

Answer:

States are responsible for providing the technical assistance and program guidance to their local grantees. Such activities are part of the States' management and oversight responsibilities. Based on State submissions for OCS funding it is our belief that many States provide some form of technical assistance to local grantees.

The types of assistance vary by State and the following are examples of the kinds of assistance offered by States in FY 1984:

1) Kentucky added a staff member with fiscal and audit experience who provided training and technical assistance (T&TA) to community action agencies in these areas.

2) Washington provided T&TA to community action agencies to improve the general effectiveness and efficiency of their program services for low-income persons.

3) Iowa conducted on-site visits and made recommendations concerning program operations to all sub-State grantees.

4) New York established separate CSBG field staff to provide additional on-site T&TA, to mobilize other resources and expand programs as well as to improve fiscal systems and reporting.

We are not aware of any training and technical assistance needs of local grantees that are not being met by State CSBG program administrators.

Question 5:

Has OCS any systematic reviews of individual CAA programs?

Answer:

OCS does not do systematic reviews of individual CAA programs or any programs other than that of the State which is the direct grantee of OCS.

However, in the process of assessing States' implementation of the Community Services Block Grant program, the Program Implementation Assessment teams visit with a cross-section of CAAs. The purpose of these visits is to confirm what the States have said regarding their relationships with CAAs and the manner in which the CAAs are assisting the States in carrying out the provisions of the CSBG.

Question 6:

What is the OCS system for informing and/or instructing the States about changes in CSBG legislation?

Answer:

When changes are made in the CSBG legislation, copies of the legislative changes are sent to individual CSBG Administrators with a cover letter from the Director of the Office of Community Services (OCS). OCS does not instruct the States concerning the possible effects of the legislative changes on the State's CSBG program but rather provides the changes to the States as information since the State is the initial interpreter in implementing any CSBG legislation.

Question 7:

Your office assesses 10 states a year for program compliance with the law. How do you evaluate programs for effectiveness in achieving the purposes of law?

Answer:

Each year the Office of Community Services conducts 10 program implementation assessments to examine the extent to which the State has implemented the assurances or purposes of the law. To determine whether the States are effective in achieving the purposes of the law, a PIA team also examines a States' policies and procedures for managing the implementation of the assurances.

Question 8:

What does OCS do if the assurances are not met?

Answer:

If there is any question as to the vulnerability of a State through not meeting an assurance, OCS informs the State of its concern and allows the State an opportunity to document legal compliance with the assurance. Only if the DHHS legal department finds the State's interpretation to be clearly erroneous would OCS direct the State to take appropriate action to bring it into compliance with statuatory requirements and report back to OCS on such action. Should the State's actions not bring it into legal compliance, OCS would then take such enforcement action as appropriate, including withholding grant funds and audit disallowance.

Question 9:

Please provide for the record a listing of the dates HHS received CSBG allocations from OMB and a corresponding list of the dates when funds were transferred to the states for each quarterly allocation back to October 1, 1981.

Answer:

The following table shows OMB allocation approval dates and the dates of grant awards to the States:

Period Covered	OMB Allocation Approval Date	Date of Grant Awards to States a/
Fiscal Year 1982:		
10-1-81 - 12-31-81	10-23-81	10-23-81 b/
1-1-82 - 3-31-82	1-21-82	1-21-82 b/
4-1-82 - 6-30-82	4-27-82 c/	4-19-82
7-1-82 - 9-30-82	4-27-82	7-13-82
Fiscal Year 1983:		
10-1-82 - 12-31-82	11-17-82 d/	11-12-82
1-1-83 - 3-31-83	1-18-83	1-26-83
4-1-83 - 6-30-83	1-18-83	4- 1-83
7-1-83 - 9-30-83	1-18-83	7- 1-83
Fiscal Year 1984:		
10- 1-83 - 11-10-83	10-25-83	11- 8-83
11-11-83 - 12-31-83	11-7-83	12-13-83
1-1-84 - 3-31-84	1-7-83	1- 5-84
4-1-84 - 6-30-84	11-7-83	3-30-84
7-1-84 - 9-30-84	11-7-83	7- 1-84
Fiscal Year 1985:		
10-1-84 - 12-31-84	10-29-84	11-2-84
1-1-85 - 3-31-85	10-29-84	1-1-85
4-1-85 - 6-30-85	10-29-84	4-1-85
7-1-85 - 9-30-85	10-29-84	7-1-85
Fiscal Year 1986:		
10- 1-85 - 11-14-85	10-10-85	10-21-85
11-15-85 - 12-12-85	11-19-85	11-26-85
12-13-85 - 12-31-85	12-21-85	1-6-86
1- 1-85 - 3-31-86	12-21-85	1-6-86
4- 1-86 - 6-30-86		e/
7- 1-86 - 9-30-86		

a/ These dates represent the earliest dates CSBG grant awards were made to the states with completed applications. The block grant statute permits States to make an annual application for CSBG funds at any time during the fiscal year and not all States submit applications for funding at the same time.

[b] During this time grants were made by DHHS/OHDS ten Regional Administrators. These are approximate dates based on available information.

[c] Grant awards were issued on 4-19-82 based on an interim Departmental funding policy of 4-1-82.

[d] Grant awards were issued on 11-12-82 based on an interim Departmental funding policy of 10-6-82.

[e] Third quarter FY 1986 awards will be made immediately upon the decision of Congress with respect to the recission request and OMB apportionment thereto.

Question 10:

The Administration claims there is duplication and overlap between this program and the social services block grant. Why do you approve state program applications that contain these overlaps?

Answer:

The Administration does indeed claim that there is duplication and overlap between the Community Services Block Grant (CSBG) and the Social Services Block Grant, but we also believe it is the kind of duplication which requires a statutory remedy.

Both the CSBG Act and Title XX of OBRA which established the SSBG authorize provision of the same broad kinds of services---"human" or "social" services--- to populations that in large part overlap, for purposes that are basically similar: the elimination of poverty and dependency. (We have never claimed, by the way, that there was any significant duplication in the precise services offered under the two grants, and the recent GAO finding that there was little such duplication between the two grants is irrelevant to our argument). The overlap between the statutes breeds further costly duplication in the administration of the two programs: two separate bureaucracies and two sets of regulations at the federal and frequently at the state level.

Were the Office of Community Services (OCS) to disapprove state program applications for CSBG funds on the basis of the kind of duplication just described, OCS would be in violation of the statute. We are therefore proposing the only remedy available: a decision by Congress, made even more imperative by the deficit crisis, to consolidate the two block grants by folding the CSBG into the SSBG.

The creation of two separate block grants, incidentally, was largely due to the fact that many different committees were involved in the preparation of the OBRA. In the process of creating the OBRA, the House did, in fact, pass a Social Services Block Grant which included the Community Services program, as the Administration had proposed. Because of committee jurisdictions, the CSBG and SSBG were taken up in separate conference action, resulting in the inclusion of both programs in the OBRA. This does not mean that Congress necessarily intended the two block grants to complement each other.

Although the question asked by the Subcommittee refers to the Administration's claim that there is duplication between the CSBG and the SSBG, it should be remembered that such duplication constitutes only part of the Administration's rationale for terminating the CSBG. The CSBG also duplicates a number of other federal programs in two ways. First, a substantial portion (from 30% of some CAAs to 100% at others) of the $335 million in CSBG funds which is allocated to the states, is used for administrative overhead incurred by CAAs in delivering services under some fifteen federal programs, such as Head Start, the Low Income Home Energy Assistance Program and the Job Training Partnership Act programs. But for each of these programs which collectively account for $2.4 billion or 86.6% of the CAA's total income, Congress has already appropriated administrative monies. The interesting point to note here is that these programs use as service providers many other organizations besides CAAs, and that these other providers either find the administrative allowance authorized by Congress for the programs adequate, or they are able to leverage additional administrative monies from non-federal sources. CAAs are the only providers which are able to use two sources of federal funds for administrative support of the same program.

A second way in which the CSBG duplicates other federal programs is in the use of CSBG funds to provide direct services identical to those provided under many other federal progarms. For example, in 1984, 37% of CSBG funds were used for food and nutrition activities including transportation for the elderly to congregate meal sites, and delivering home meals to the elderly, ill and handicapped. But the Department of Health and Human Services also funds 650 area agencies on aging throughout the country to provide home-delivered meals. The money is used by 1000 contractors (only 91 of which are CAAs) both to buy and prepare food, and deliver it to the homes of the elderly through the "Meals on Wheels" program, and to transport the elderly to congregate meal sites. Similar duplicative expenditures are found in many other categories of direct services paid for from CSBG funds.

Question 11:

HHS granted a waiver of section 680(a) to Puerto Rico last December to use more than 2 million dollars of housing rehabilitation funds for housing construction. What is your understanding of which entity in Puerto Rico is going to operate that program? How many homes have been constructed to date? What role has OCS taken towards sorting out the claims of ASPRI and the Puerto Rican State Office?

Answer:

$2,284,965 initially approved for an emergency housing repairs program was approved to be used instead to acquire construction materials for new dwellings to be built according to the needs demonstrated by the eligible municipalities.

The Puerto Rico Office of Economic Opportunity (PROEO) is coordinating the implementation of the housing construction program. PROEO has informed OCS that after much deliberation, construction of homes will commence during the month of May 1986. The PROEO has worked with federal, state and local entities to reach understandings and agreements leading to the May start-up date. Pursuant to the OCS assessment in Puerto Rico, OCS raised a concern regarding the Commonwealth complying with the 90% pass-through requirement. The Commonwealth responded with a legal interpretation that PROEO was an eligible entity which opinion was not found to be clearly erroneous by the DHHS General Counsel.

OCS also, pursuant to concerns raised by ASPRI, a Community Action agency in Puerto Rico, inquired as to the Commonwealth's continued funding of ASPRI and was informed that the Commonwealth funded ASPRI in December of 1985 for $1,102,342.00 of CSBG funds, and an additional $760,511.00 is currently being processed.

In addition, litigation is presently pending in Puerto Rico regarding the Commonwealth's continued funding of ASPRI which OCS will address appropriately upon a final court decision.

Question 12:

What will it mean to the program if it is moved to the planned Family Services Administration? Will there still be a separate office or division to handle CSBG? What is the purpose of the reorganization?

Answer:

The program will continue to be administered by an Office of Community Services, headed by a Director, as required by the statute. The reorganization will serve to place a greater emphasis on efforts to strengthen the family, an objective of the Administration.

Question 13:

I understand that the Office of Community Services contracts with a research organization in California for an annual survey of states. This survey provides national CSBG information. (a) What is your office's involvement in the survey -- do you stipulate the design, give overall guidance, etc? (b) What information does this survey provide and to whom are the results disseminated? (c) How do you encourage participation? What is the status of this project in terms of its continuation?

Answer:

The Office of Community Services made a grant to the Center for Local and Community Research (Center) in Berkeley, California on August 28, 1985 to operate from October 1, 1985 through September 30, 1986.

The purpose of the grant was to assist the States to develop a national voluntary reporting system and to provide information on the CSBG programs in the States in FY 1985.

The kinds of data that the system provides include: 1) State allocations of CSBG funds, 2) general information on local CSBG operations, 3) general information on the State CSBG office, 4) monies spent and participants served, by program category, 5) other resources available for CSBG related programs, and 6) narrative information concerning CSBG accomplishments at the State and local level.

The Center, in consultation with the State CSBG Administrators, designs the survey instruments to collect the information desired by the States themselves. Through this consultative process, the States control the design and provide guidance to the Center during the data collection and analyses phases of the project. The Center submits the final report to OCS and the National Association of State Community Services Programs (NASCSP). NASCSP disseminates the report to all State CSBG Administrators.

OCS support for the reporting system takes the form of providing funding to the Center to assist the States in the development of the National Volutary Report System (NVRS). Participation in the system is voluntary by the States and we do not actively promote participation in the system. We do not want to infer that there are any penalties consequent to nonparticipation by individual States.

The NVRS was initially funded by OCS to assist the States to develop a voluntary reporting system and if States have find this system useful, they can be expected to continue it.

Question 14:

What did the latest survey show regarding the number of people served and the types of services provided by CSBG nationwide?

Answer:

According to the National Voluntary Reporting System report on FY 1984 State CSBG operations, CSBG funds provided 26,372,067 units of assistance in 36 States and the District of Columbia (D.C.). It is not known how many of these units were provided to the same individuals.

OCS does not yet have comparable data on FY 1985.

The attached report (See Attachment #2) summarizes the FY 1984 CSBG fund expenditures in 37 States in the 7 program categories contained in the CSBG statute with a percentage breakdown for each area.

OCS does not yet have comparable data for FY 1985.

Also attached is a report (Attachment #3) which summarizes the kinds of activities and services provided with CSBG funds.

Discretionary Grants

Question 15: (a):

The law allows up to 9 percent of the CSBG funds to be set aside for discretionary grants by your office. The purpose of these funds is to support "activities of national or regional significance" in areas such as economic development, training in rural areas, and aid to migrant and seasonal farmworkers. (a) What is the process for awarding these grants?

Answer: 15(a)

The applications are received once every fiscal year in response to an announcement in the Federal Register. After the announcement's closing date, the applications which have been submitted are reviewed by the Office of Community Services (OCS) to determine that applicants have included all required information and documentation. The applications are packaged and sent throughout the country to independent field reviewers. Each reviewer receives ten applications (and each application is sent to 5 reviewers) which must be reviewed and scored based upon the criteria and attendant scores which were published in the Federal Register announcement. After reviewing and scoring, the reviewers return the applications and the review/score sheets to the Office of Community Services Grants Management Division. The Grants Management Division reviews the scores and prepares a listing of applications in each priority area in rank order based upon the scores from the 5 reviewers. After the rank order listings have been completed, the applications ranked highest on the lists are subjected to internal staff reviews by the Office of Community Services Division of Discretionary Grants staff. The Division of Discretionary Grants staff then makes presentations along with divisional recommendations to the Director of OCS in rank order until he approves enough grants to use the available funds. Some applications which rank high may be passed over in the course of the Director's review based upon staff recommendations or because of information not considered by the independent reviewers (audit problems with other federal agencies, failure to document matching funds, questionable impact on low-income people, etc.). For the most part those applications which rank the highest are the ones which receive grant awards.

Question 15 (b):

How do you select the field readers to review the proposals for funding?

Answer:

The initial core of reviewers (1982) was selected from qualified citizens whose names had been submitted to OCS by various organizations and individuals. Selection is confined to those individuals who are most qualified to perform the service. For example, a person with a business or financial background might be selected to review proposals in the economic development category. The other categories are rural housing, migrant/seasonal farmworkers and rural facilities. The reviewer list has been periodically replenished as former reviewers have either moved or declined participation.

Question 15(c):

What procedures exist for grants given outside of the grant cycle or competitive process?

Answer:

Chapter 1-62-120 of the Department of Health and Human Services Grants Administration Manual provides for the funding of grant applications outside the competitive cycle as follows: "Urgent applications may be approved noncompetitively, without independent review (unless independent review is required by a Federal statute)... An urgent application is an application which cannot be held until the next regular competitive review because the proposed project couldn't achieve its objectives if funding were that long delayed. Examples are emergency disaster relief projects and 'now-or-never' research projects".

Based on this policy, OCS has an established procedure for dealing with applications for financial assistance which are received outside of the annual competitive process. Such applications are directly referred to the Director, OCS for initial consideration of urgency. If it appears, on the face of the application, that the requested support would be consistent with the legislation, and that the project is both urgent and meritorious, then the application is referred to both program office and grants mangement professional officials for assessment of urgency, merit, and budgetary impact. These staff assessments are reviewed by a member of the Director's immediate staff, who forwards them to the Director, OCS, with a recommended course of action, for final decision on funding.

Question 15 (d):

Please list the grantees, their addresses, and their awards for all grants awarded outside of this competitive process during the past three years?

Answer:

The following is the list of those organizations which received grant awards from the Office of Community Services Discretionary Grants Program 'outside the competitive process' during the past three years.

Fiscal Year 1983	- Interagency agreement with Action for the Vietnam Veterans' Leadership Program 806 Connecticut Avenue, NW. Washington, D. C.	$ 500,000
	- The National Collegiate Athletic Association P. O. Box 1906 Mission, Kansas 66201	$ 5,760,000
Fiscal Year 1984	- Interagency agreement with Action for the Vietnam Veterans' Leadership Program 806 Connecticut Avenue, NW. Washington, D. C.	$ 500,000
	- The National Collegiate Athletic Association P. O. Box 1906 Mission, Kansas 66201	$ 5,760,000

	- Union County Carnegie Library Court House Union, South Carolina 29379	$ 50,000
Fiscal Year 1985	-Interagency agreement with Action for the Vietnam Veterans' Leadership Program 806 Connecticut Avenue, NW. Washington, D. C.	$ 500,000
	- The National Collegiate Athletic Association P. O. Box 1906 Mission, Kansas 66201	$ 6,130,000
	- City of Manning Clarendon County Library 411 N. Brooks Street Manning, South Carolina 29102	$ 50,000
	- The Coalition for the Homeless, Inc. 1419 V Street, NW. Washington, D. C. 20009	$ 2,700,000
Fiscal Year 1986	-Focus Hope 1355 Oakman Blvd. Detroit, Michigan 48238	$ 815,000

Question 16:

What are the priorities and how are they set for the types of projects to be funded?

Answer:

The priorities for funding under the Office of Community Services Discretionary Grants Program reflect the areas for which the Congressional appropriations have earmarked funding. They are:

Urban and Rural Community Economic Development

Rural Housing Repairs and Rehabilitation

Rural Community Facilities Development

Assistance to Migrants and Seasonal Farmworkers

National Youth Sports Program

Question 17:

How do you ensure that duplicate projects are not funded?

Answer:

The OCS competitive review process provides for a thorough staff review of each project. During such review the staff would examine the proposed budget for the project and would consequently identiy any instances which result in such duplication.

OCS also discusses each project ultimately proposed for funding with other federal agencies currently funding such applicant to determine the applicant's level of performance. At this time possible duplication resulting from other federal funding would be identified.

Finally, the OCS competitive process requires grantes to submit each application through its appropriate state clearinghouse process to ensure that the proposed project is consistent with local planning and would not be duplicative.

Question 18:

Do you collect information on the programs that are ongoing or completed? If so, what kind?

Yes, information is collected on program through quarterly financial and narrative program progress reports as well as through trip reports which are a result of field monitoring visits done by program managers during the a grant period. The Division of Discretionary Grants makes field visits to at least fifty percent of the grantees during the course of a grant year.

Grantees are also required to provide final financial and narrative program progress reports that include a summary of the project's activity and a self-evaluation of the project. These reports are reviewed by OCS Discretionary Grants staff.

Question 19:

How is information on successful or unsuccessful projects disseminated?

Answer:

There is no formal system for dissemination of information on successful or unsuccessful projects. However, several informal means allow such information to at least be shared among Discretionary Grants Program participants and prospective applicants. These include a sharing of information through the Discretionary Grants program managers who have become familiar with a number of projects and successful models and also through an active, though informal, network of grantees and prospective applicants.

Question 20:

Guidelines issued by your office stipulate that projects approved for funding must be replicable by others. How many projects funded by your office have been replicated by others?

Answer:

There has not been replication of discretionary projects directed by OCS since by design the program funds significant local projects of one year's duration. However, since problems in low-income areas are similar regardless of geographical location, the types of project approaches by local organizations are also similar. Thus, we have a significant number of physical facility rehabilitation (incubator) projects, light manufacturing projects, and businesses which take advantage of labor forces with minimum skills. We also have a number of projects which provide commercial infrastructure (shopping malls and supermarkets).

In rural areas the solution to substandard housing problems include the same ingredients of upgrading of housing and training of local people in home repair (carpentry, electrical, & plumbing). Consequently, projects are similar and replicable through the network of local non-profit housing groups.

With migrant projects, crisis relief and upgrading of agricultural and non-agricultural skills are identified as the most crucial problems facing this sector of low-income people served by our program. Projects which address these concerns are replicated in many migrant communities.

Senator HAWKINS. Next, testifying for the General Accounting Office is J. William Gadsby, Associate Director of Human Resources, GAO. He is accompanied by John Needham and John Kamensky.

Both of these men participated in the eight-State field survey to determine how the Community Services Block Grants are administered on the Federal, State, and local levels.

The Community Services Block Grant has been a controversial program since its inception and has as many detractors as proponents. I look forward to hearing an independent assessment of this program.

STATEMENT OF J. WILLIAM GADSBY, ASSOCIATE DIRECTOR, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JOHN NEEDHAM AND JOHN KAMENSKY

Mr. GADSBY. Thank you, Madame Chairman.

You are well aware of the people I have with me; John Kamensky is on my left, and John Needham is on my right, and they were indeed involved in the development and analysis of the information that we will present on the Community Services Block Grant.

I have submitted a detailed statement, and I would like to ask that that be included in the record, so I can proceed with a summarized version in the interest of time.

Senator HAWKINS. So ordered.

Mr. GADSBY. Madame Chairman and members of the subcommittee, I am pleased to be here today to discuss the Community Services Block Grant. GAO has just completed a review of the use of CSBG funds by 16 community action agencies in 8 States. My testimony this morning will focus on our analysis of three major issues: What do CSBG funds support; do activities funded by CSBG duplicate services provided by local social services agencies; how could the loss of CSBG funds affect community action agencies.

Eleven of the community action agencies we visited used 70 percent or more of their 1985 CSBG funds to deliver services to the poor. The most common services funded by the 16 CAA's were information, referral and outreach activities; emergency services, such as providing groceries or temporary shelter; and nutrition services. Agencies identified the need for these services through such means as periodic surveys, public participation forums and analysis of various statistics.

These same 11 community action agencies used less than 30 percent of their 1985 CSBG funds for administrative expenses. The other five agencies used amounts for administration ranging from 31 percent in Los Angeles to 58 percent in Steuben County, NY.

These funds were primarily used to pay office expenses, such as salaries of the executive director and the fiscal officer. Most community action agency officials also told us that CSBG plays an important role in supporting the administration of certain other Federal programs. Essentially, CSBG is viewed as the discretionary money that enables community action agencies to identify community needs, provide services not available under other Federal or State programs, and support administrative operations.

Turning now to the issue of duplication, our analysis shows that CSBG-supported services generally do not duplicate those provided by the local social services agencies. About half of the 112 CSBG-supported services we looked at were targeted to fill certain specific unmet needs not addressed by social services agencies. While the other half seemed on the surface to be similar, closer inspection during our onsite reviews in all but one instance showed that they really were not duplicative, but rather, the services were quite different.

In Newport, VT, for example, the social services agency provides day-care services, while the community action agency uses CSBG funds to support the training of day-care personnel. Both are generally labeled by those organizations as day-care services.

In the one instance where we did find that duplicative types of services were offered, the department of public welfare in Hattiesburg, MI, had a county-funded emergency services program with a total budget of $300 per month, which included utility payments to the poor. The local community action agency also had an emergency services program which made cash payments basically for the same purposes. Neither agency was aware of the other's program, essentially due to a lack of communication between the two.

Madam Chairman, I want to emphasize that to assess this duplication issue, the GAO field teams analyzed the actual services delivered by CAA's and the social services agencies in each of the 16 communities that we visited. Specifically, we compared the CSBG services offered by the community action agencies with all services provided by the local social services agency. We concluded that the services were not duplicative. You will find there is an attachment to my statement that highlights the details of our analysis.

Community action agencies and local social services agencies are usually aware of each other's services and try to prevent duplication through a variety of formal and informal coordination mechanisms. Although this coordination seems to avoid duplication, opportunities do exist to improve both policy and service delivery coordination.

Turning now to the effect of the loss of CSBG funds—for the 16 locations we visited, CSBG's share of total community action agency funding averaged 17 percent in 1985, ranging from 3 percent in Des Moines, IA, to 74 percent in El Paso County, CO. How the loss of CSBG funds would affect community action agencies is not certain at this time. A key factor obviously would be their ability to obtain other State, local, or private funds for activities currently supported by the block grant. However, if other funding is not obtained, 13 of the 16 agency directors we visited said they would either provide only the categorical services which had administrative funding available, or they would close certain operations. While we were unable to evaluate the responses of these agency directors, the reaction of these same community action agencies to the 1981 cuts may be instructive.

In the services area, all were reluctant to cut direct services or eligibility requirements. With respect to curtailing operations, most chose to reduce staff and outreach services or centers.

Madam Chairman, that concludes my statement.

We would be happy to respond to any questions you may have.

[The prepared statement of Mr. Gadsby follows:]

United States General Accounting Office
Washington, D.C.

FOR RELEASE ON DELIVERY
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STATEMENT OF
J. WILLIAM GADSBY, ASSOCIATE DIRECTOR
HUMAN RESOURCES DIVISION
BEFORE THE
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES
ON THE
COMMUNITY SERVICES BLOCK GRANT

Madam Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Community Services Block Grant (CSBG). GAO has just completed a review of the use of CSBG funds by 16 community action agencies (CAAs) in eight states. The states are: California, Colorado, Florida, Iowa, Michigan, Mississippi, New York, and Vermont. The 16 community action programs reflect the diverse character of CAAs nationwide. They range from urban programs in New York City to rural programs in Bonifay, Florida. Half are publicly managed and half are run by private non-profit organizations. The geographic areas they serve range from a single city to a 10 county area. In addition to visiting CAAs, we discussed the community action programs with social services agency officials and top local government officials in the same communities.

My testimony this morning will focus on our analysis of three major issues:

--What do CSBG funds support?

--Do activities funded by CSBG duplicate services provided by local social service agencies?

--How could the loss of CSBG funds affect CAAs?

CSBG SUPPORTS BOTH SERVICES AND ADMINISTRATION

Eleven of the 16 CAAs we visited used 70 percent or more of their 1985 CSBG funds to deliver services to the poor. The most common services funded by the 16 CAAs were (1) information, referral, and outreach activities; (2) emergency services, such as providing groceries or temporary shelter; and (3) nutrition services, such as self-help gardening and food-canning projects. CAAs also used their CSBG funds to help individuals obtain financial assistance for housing, train home day-care providers, arrange transportation, and provide home meals for the elderly, ill, and handicapped. The CAAs had identified the need for these services through such means as periodic needs surveys, public participation forums, and analysis of statistics compiled by the U.S. Census Bureau and other federal, state or local agencies.

These same 11 CAAs used less than 30 percent of their 1985 CSBG funds for administrative expenses. The other five CAAs used amounts for administration ranging from 31 percent in Los Angeles to 58 percent in Steuben County, New York. These funds were used primarily to pay office expenses, such as salaries of the executive director and fiscal officer. Our analysis shows that the private non-profit CAAs we visited used a greater proportion of their CSBG funds for administrative costs than public CAAs. Just 1 of the 8 public CAAs we visited used more than 30 percent of its CSBG funds for administration while 4 of the 8 private nonprofit CAAs used from 37 to 58 percent for administration.

Most CAA officials told us that CSBG plays an important role in supporting the administration of certain other federal programs. For example, Agriculture's surplus commodity food program provides no administrative expense funding, and Energy's weatherization program provides 5 percent. In such situations, CSBG funds are used to pay the administrative costs that exceed allowed amounts. In addition, we found that two CAAs chose not to charge categorical program funds for some or all of the allowed administrative costs in order to have more funding for direct services. For example, the Bonifay, Florida CAA did not charge its Head Start program the full 15 percent allowed for administration because it wanted to serve a certain number of children; CSBG funds were used to make up the difference. Private non-profit CAAs tended to use CSBG funds to support other categorical programs more frequently than public CAAs; all eight private agencies said they used CSBG funds for such purposes while only 3 of the 8 public agencies did so.

Overall ~~In sum~~, CSBG is viewed as the discretionary money that enables CAAs to identify community needs, provide services not available under other federal or state programs, and support administrative operations.

CSBG-FUNDED SERVICES COMPLEMENT RATHER THAN DUPLICATE LOCALLY PROVIDED SOCIAL SERVICES

Our analysis shows that the CSBG-supported services generally do not duplicate those provided by the local social services agencies. About half of the 112 CSBG-supported services were targeted to fill specific unmet needs not addressed by social service agencies. While the other half seemed on the surface to be similar, closer inspection during our on-site reviews showed that, in all but one instance, either the types of clients served or the specific services offered were quite different.

In Newport, Vermont, for example, the social services agency provides day-care services while the community action agency uses CSBG funds to support the training of day-care personnel. Both are labeled day-care services. In Detroit, the social services transportation program provides medically related transportation for the elderly, while the CAA's transportation program provides for non-medical transportation needs, such as grocery shopping.

In the one instance where we did find that duplicative types of services were offered, the Department of Welfare in Hattiesburg, Mississippi, had a county-funded emergency services program with a total budget of $300 per month, which included utility payments to the poor. The local CAA also had an emergency services program which made cash payments for the same purposes. Neither agency was aware of the other's program, due to a lack of communication between the two.

Madam Chairman, I want to emphasize that to assess the duplication issue, GAO developed information on actual services delivered by the CAAs and social service agencies in each of the 16 communities visited. The service information was assembled into 21 categories for analysis. We then compared the type of services offered and the clientel served to determine whether the services were or were not duplicative. The chart in Appendix I shows the results of our analysis.

Sometimes CAAs also provided supplemental services to social services agency clients through an emergency services program. For example, if an individual exhausted his or her food stamps before the end of the month, the CAA would provide groceries. In other situations, the CAA provided emergency assistance to individuals, such as food and shelter, while their applications for social services benefits were pending.

CAAs and local social services agencies are usually aware of each other's services and try to prevent duplication through a variety of formal and informal coordination mechanisms. Although this coordination seems to avoid duplication, opportunities exist to improve both policy and service delivery coordination. For example, 10 of the 16 community action agencies had local social service representatives on their governing or advisory board, but only five local social service agencies had community action agency representatives on their governing or advisory board. Only seven of the 16 CAAs and local social services agencies had copies of each others plans, and only three of these seven reviewed each others' plans.

At the service delivery level, agencies coordinate through formal agreements and client referral systems. In all 16 localities CAAs and social service agencies had formal client referral systems for some or all of their services. For example, in El Paso County, Colorado, there is a clearinghouse which maintains an inventory of services provided to individuals. Most local providers participate in this activity specifically to avoid duplication. In 9 localities, CAAs and social service agencies had formal agreements in some service areas that identified specific responsibilities for different aspects of service delivery operations.

At the state level, 4 of the 8 states required community action and social service agencies to coordinate their services. In two states where coordination agreements existed between the two programs at the state level, CAAs and the local social services agencies also had a high degree of coordination for both policy and service delivery.

LOSS OF CSBG FUNDS COULD AFFECT CAAs

According to the CSBG's national voluntary reporting system, CSBG provided about 11 percent of community action agencies' total budgets in 1984 on a nationwide basis. For the 16 locations we visited, CSBG's share of total CAA funding averaged 17 percent in 1985, ranging from 3 percent in Des Moines to 74 percent in El Paso County. Even though CSBG funds usually represent a small proportion of total funding, CAA directors told us that these funds play an important role in program administration and service delivery. How the loss of CSBG funds would affect CAAs is not certain at this time. However, three factors could be influential.

First, some suggest that existing federal and state grants could be used to fund administrative operations now funded by CSBG. However, only two of the CAAs we visited do not charge the full amounts allowed for administrative expenses under other programs.

Second, state and local governments could fund CAAs by replacing lost CSBG funds. While state and local actions cannot be predicted, only 4 of the 16 localities and 2 of the 8 states we visited mitigated the cuts when community services funds were reduced in 1981. State and local officials we talked to were generally supportive of CAA activities; however, none thought their state or local governments would replace lost CSBG funds. The reasons most commonly given for their inability to replace any CSBG cuts were the pending cuts in other federal and local government programs. For example, Shasta County, California is preparing for retrenchments of its own programs as a result of the anticipated loss of its $1.6 million General Revenue Sharing funds and believes it would be unlikely that it could also replace lost CSBG funds.

Third, it has been suggested that SSBG funds could be used to fund CAA operations or services. State officials, however, said current SSBG funding is insufficient to meet existing demands and that the two programs serve different clients or cannot fund community service-type activities.

We asked CAA directors what the impact of the termination of CSBG would have on their operations if other funding was not available. All but three said they either would provide only categorical services which had administrative funding available, or they would close. While we are unable to evaluate the responses of these agency directors, the reaction of these same CAAs to the 1981 cuts may be instructive. In the services area, all were reluctant to cut direct services or eligibility requirements. With respect to curtailing operations, most chose to reduce staff and outreach services or centers.

This concludes my statement and I would be pleased to respond to any questions you may have.

Attachment I

Attachment I
3/20/86

U.S. General Accounting Office
Analysis of CSBG and Locally Provided Social Services

Community Action Agency Visited	Number of services: Social Services Programs	Number of services: CSBG	Number of CSBG services: Different	Number of CSBG services: Similar	Number of duplicative services
CALIFORNIA					
Shasta County Community Action Agency	8	5	3	2	-
City of Los Angeles Community Action Agency	10	10	6	4	-
COLORADO					
Denver Department of Social Services	11	6	3	3	-
El Paso County Department of Social Services	15	8	2	6	-
FLORIDA					
Tri-County Community Council, Inc.	10	5	4	1	-
Dade County Community Action Agency, Inc.	9	10	7	3	-
IOWA					
City of Des Moines, Office of Neighborhood Services	16	6	1	5	-
Hawkeye Area Community Action Program, Inc.	17	8	1	7	-
MICHIGAN					
City of Detroit, Neighborhood Services Department	10	5	3	2	-
Northwest Michigan Human Services Agency	10	7	4	3	-
MISSISSIPPI					
Pearl River Valley Opportunities, Inc.	13	3	1	2	1
Gulf Coast Community Action Agency, Inc.	13	4	2	2	-
NEW YORK					
New York City Community Development Agency	15	11	3	8	-
Steuben County Economic Opportunity Program, Inc.	9	9	6	3	-
VERMONT					
Northeast Kingdom Community Action, Inc.	8	6	2	4	-
Champlain Valley Office of Economic Opportunity	8	9	4	5	-
Totals	182	112	52	60	1

Senator HAWKINS. Thank you very much.

There have been a lot of figures thrown about regarding the amount of CSBG funds used for administration. Can you tell us what the word administration means and what sort of services are included in this term?

Mr. GADSBY. When we did our work, we did not define what administrative cost was or what the term administration meant.

Basically, we asked the community action agencies what portion of their budgets were devoted to administrative activities as they defined the term; and also asked them then to provide us a listing of what types of costs they would consider to be administrative.

This approach is consistent with what we have done in the past. During the earlier work that we had done on Block Grant programs, we tried very hard at the State level to find out just what information was available in terms of State guidance to agencies with regard to defining or classifying administrative costs. We found that very few States had even defined administrative costs and many used different procedures for computing administrative costs. So, basically, what we did was consistent with our past approach.

Mr. Kamensky has some detailed examples of the types of expenses that different community action agencies consider to be administrative.

Mr. KAMENSKY. The CAA directors told us that their administrative costs ranged from 0 to 58 percent. The two CAA's in Colorado said their administrative costs were zero, because they were absorbed by their local governments. The CAA in Traverse City, MI, reported that the CSBG administrative costs were 20 percent. This fully funded four positions: The executive director, his secretary, the bookkeeper, and the assistant bookkeeper.

In Steuben County, NY, which reported CSBG administrative costs of 58 percent, they said that this included the salary of the executive director and a portion of the salaries of the project directors and their fringe benefits. It also included the fiscal and budget management for the entire CAA, the leasing of equipment, travel, insurance, maintenance, utilities, telephone and staff training.

Senator HAWKINS. Do any of you think that the auditing and accounting functions of an agency should be included?

Mr. GADSBY. They would be a logical inclusion in administrative costs. But again, it would depend on how an entity defined its own administrative costs.

Senator HAWKINS. Referral services?

Mr. GADSBY. That could be.

Senator HAWKINS. Employment and personnel decisions?

Mr. GADSBY. It could be.

Senator HAWKINS. Did your research team make any observations about how the State offices view the role of the Federal Office of Community Services in providing technical assistance and guidance?

Mr. GADSBY. Yes; we did get some information on that. Nationwide 17 States requested technical assistance from the Department in 1985. Four of the eight States that we visited had specifically requested assistance; all four of those States did receive assistance, and all four were satisfied with the assistance that they did get from the Department. Two of the eight States that we contacted said they did want, or would like, some additional information; and that tended to be program information such as updates on the status of the program, and they also would like information on how to eliminate or reduce funding for certain community action agencies that they might be having problems with.

Senator HAWKINS. Do the State offices set priorities for the local CAA's in terms of services and goals, according to your study?

Mr. GADSBY. Generally, no, under the block grant. The only priority setting we observed in the eight States was in two of those States, and that was in the discretionary portion of the grant where the States have greater control over what they can do with that money. Basically, in those two States, they did give some priorities to the CAA's, but those were nonbinding priorities; in other words, if things of higher priority came along, the CAA could choose to use the money for those.

Senator HAWKINS. What kind of evaluations did you find the States doing in terms of local CAA Programs?

Mr. GADSBY. There were a variety of things going on. In terms of evaluations in the context of looking at the effectiveness of the program, there was only one State where the program officials felt they were doing the kind of evaluation that would look to the effectiveness of the program, that is, whether or not it was carrying out its mission.

There were two States that were collecting some sort of program results-type information that would enable them, perhaps, to make some assessments of effectiveness. Of the States that we visited, all eight were actually doing some kind of compliance reviews, and all States were collecting some data. Basically, all eight were collecting data related to eligible populations. Five of the States were collecting data related to service needs of those eligible populations, and five were collecting data related to services provided numbers of clients served.

Senator HAWKINS. To what extent do the State offices administering CSBG funds coordinate with State offices administering SSBG funds?

Mr. GADSBY. We did find some indication of that, and Mr. Needham has some details on that.

Senator HAWKINS. All right.

Mr. NEEDHAM. Senator, we looked at several indicators across-the-board of State level coordination. We found that in four of the eight States that we visited, the State CSBG office and the SSBG office had coordination agreements, formal written agreements. In six of the eight States that we visited, the social services agency and the State CSBG Program office reviewed each other's program plans for that year, and four of the eight States require that the local community action agencies coordinate with their local counterparts in the social services fields.

Mr. GADSBY. So there was some of that going on.

Senator HAWKINS. Some going on.

Where is the leadership housed, Mr. Gadsby, in terms of overall training of the personnel?

Mr. GADSBY. In terms of training of personnel—at the beginning, one thing that I think is important is that under the block grant, the primary responsibility for the program—for the management and the leadership of the program, if you will—was sent down to the States. In other words, it was devolved to the States under the block grant philosophy. So that that leadership function is in a general sense now with the States.

In terms of training of personnel, I can give you some examples of what the States were doing in that area. Basically they were providing technical assistance to the community action agencies. The areas where they were providing it included the application procedures, reporting requirements, service delivery techniques, program and financial management information, where there were questions raised on that. When we visited the community action agencies, 15 of the 16 said that in fact this type of assistance was provided by the States, and 13 of those community action agencies essentially said it was satisfactory assistance.

Eleven of the 16 also expressed a need for additional training or additional technical assistance from the States in a number of areas. And this was in the areas related to budget and cost allocation techniques, equipment acquisition procedures, the use of computers and also advice in different legal areas. So they were turning to the States quite a bit.

I would also like to add that in terms of training and technical assistance, that community action agencies were also turning to and receiving that kind of assistance from different community action associations, at the national level, regional level and the State level, as well.

Senator HAWKINS. We appreciate your participation in this hearing.

Mr. GADSBY. Thank you, Madam Chairman.

Senator HAWKINS. Our last panel is composed of recipients of Community Block Grant Funds. It gives me great pleasure to welcome the Honorable Xavier Suarez, mayor of Miami, FL, a good friend and past board member of the Dade County Community Action Agency. We will ask Mr. James Lynch, who is director of local government affairs at the Iowa Office of Planning and Programming, who is here today representing the National Association of State Community Services Programs to come up.

Also, Donald Stricker, from Freemont, OH, who is director of Wood-Sandusky-Ottawa-Seneca Counties Community Action Agency; David Bradley, legislative director of the National Community Action Foundation. And Mary Blatch is also from Miami and is a past recipient of the services provided by a community action agency and now works to ensure that these same services are provided to others in need.

Mayor, we will start with you.

STATEMENT OF HON. XAVIER L. SUAREZ, MAYOR OF MIAMI, FL, AND PAST BOARD MEMBER, DADE COUNTY COMMUNITY ACTION AGENCY; JAMES LYNCH, DIRECTOR OF LOCAL GOVERNMENT AFFAIRS, IOWA OFFICE OF PLANNING AND PROGRAMMING, AND REPRESENTATIVE OF NATIONAL ASSOCIATION OF STATE COMMUNITY SERVICES PROGRAMS; MARY BLATCH, PAST RECIPIENT OF COMMUNITY ACTION AGENCY SERVICES AND MINISTER OF MISSIONARY EVANGELISTIC CENTER, MIAMI, FL; DONALD STRICKER, DIRECTOR OF WOOD-SANDUSKY-OTTAWA-SENECA COUNTIES COMMUNITY ACTION COMMISSION, FREEMONT, OH; AND DAVID BRADLEY, NATIONAL COMMUNITY ACTION FOUNDATION, WASHINGTON, DC

Mayor SUAREZ. Thank you, Madame Chairman.

We have previously submitted testimony prepared in cooperation with my office by the U.S. Conference of Mayors, and I am authorized to speak on their behalf. I would like to not dwell on that too much because you have got that in writing, and if not we will make sure that you do have it.

Frankly, it reflects my viewpoint, and I know that it reflects 20 years of standing policy of the Conference of Mayors. And additional testimony prepared by the local community advisory administering board of our community action agency, we would also like to submit in writing. It outlines some of the programs that are funded by the local agency and administered by the local agency, the Dade County Community Action Agency. The recipients are approximately 70,000 people on a per year basis, and it reads like a lineup of the most successful, least wasteful programs: Meals-On-Wheels, Meals for the Elderly, Community Service Centers, community activities, citizen participation, youth development, Foster Grandparents, Senior Companions, Head Start, and Weatherization.

If I may, I would like to dwell for a couple of minutes on the centers themselves, which last year served 49,284 people. And I believe that they have actually left some people out, from what I have been able to observe myself.

Little Havana's Action Center, which is the one that I am most familiar with, and I know you are familiar with, Senator, they begin the day at 7 a.m., with as many as 100 people already waiting. No one is turned away. At worst, they are referred to the appropriate agency.

In addition to a staff of about 8 people, there are a total of 25 agencies that use our center to reach out to the client population, ranging from immigration to welfare, food stamps, State health services, and during emergency conditions, Federal emergency agencies. We have had quite a few of these emergency conditions in the last 5 years, as you are well aware, with the refugees and the riots. In both cases, CAA was the principal agency which bailed out people who were in great need.

CAA itself does not have to reach out to clients. They literally swamp us in Miami. As mayor, I have days that are what I call "La Guarde" days, where I patrol the cities, checking our city departments, among other things, to see who is working.

At Little Havana's CAA Center, there is no need to make surprise checks to see who is working. You can assume that the entire staff will be working busily, plus at least twice as many volunteers. With CAA, you do not rate efficiency of workers on a scale of zero to 100 percent. At CAA, efficiency is 200 percent and above, because of the numbers of volunteers who help out the regular staff members.

As my prepared testimony reads, my campaign for mayor of Miami was based on the provision of essential municipal services and help for the disadvantaged and poor in our community. I proposed and have implemented efficiencies. Perhaps the best illustration is that when I took office, there were 15 assistant city managers in the city of Miami, and assistants to the city manager. I never could figure out the difference between the two titles. Now, there are only 5 of those 15 left. And I fully understand the need for streamlining in the Federal budget. But equity must go hand in hand with efficiency.

At the John F. Kennedy School of Government, they taught us that horizontal equity is a measure of the degree to which a program benefits the target group as opposed to freeloaders. From my observations, CAA rates a perfect score in the area of horizontal equity. We have no freeloaders in our client population. We have 70,000 needy clients. Please do not forget them.

Senator HAWKINS. Thank you, Mayor.

[The prepared statement of Mayor Suarez follows:]

UNITED STATES CONFERENCE OF MAYORS
1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006
TELEPHONE (202) 293-7330

STATEMENT BY

XAVIER SUAREZ

MAYOR OF MIAMI

on behalf of the

UNITED STATES CONFERENCE OF MAYORS

before the

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS & ALCOHOLISM
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

MARCH 20, 1986

CHAIRMAN HAWKINS AND MEMBERS OF THE COMMITTEE, I AM XAVIER SUAREZ, MAYOR OF MIAMI. I APPEAR BEFORE YOU THIS MORNING ON BEHALF OF THE U.S. CONFERENCE OF MAYORS AND AM PLEASED TO HAVE THE OPPORTUNITY TO SHARE WITH YOU MY SUPPORT AND THOSE OF MY FELLOW MAYORS FOR THE REAUTHORIZATION OF THE COMMUNITY SERVICES BLOCK GRANT.

OVER TWENTY YEARS AGO THE CONFERENCE OF MAYORS ADOPTED POLICY IN SUPPORT OF COMMUNITY ACTION PROGRAMS AND A FEDERAL COMMITMENT TO ANTIPOVERTY EFFORTS. OVER THE YEARS FURTHER POLICY RESOLUTIONS HAVE BEEN ADOPTED WHICH REINFORCED OUR STRONG SUPPORT FOR COMMUNITY ACTION AND OUR POSITION THAT POVERTY IS A NATIONAL PROBLEM WHICH DEMANDS A NATIONAL RESPONSE. POVERTY, UNEMPLOYMENT, HUNGER AND HOMELESSNESS CONTINUE TO BE SERIOUS PROBLEMS IN OUR CITIES. THE COMMUNITY SERVICES BLOCK GRANT IS ONE OF THE FEW FEDERAL RESOURCES WHICH HAS BEEN AVAILABLE TO US IN OUR FIGHT AGAINST THE GROWING PROBLEMS OF HUNGER AND HOMELESSNESS. WE NEED TO MAINTAIN AND STRENGTHEN THE BLOCK GRANT, NOT TO CUT IT FURTHER OR ELIMINATE IT.

I AM PARTICULARLY PLEASED TO BE HERE BECAUSE I HAVE A LONG AND INTIMATE INVOLVEMENT WITH COMMUNITY ACTION. FOR EIGHT YEARS I HAVE BEEN A MEMBER AND OFFICER OF THE DADE COUNTY COMMUNITY ACTION AGENCY BOARD OF DIRECTORS AS WELL AS ON THE COMMUNITY ADVISORY COMMITTEE IN THE LITTLE HAVANA AREA OF THE CITY OF MIAMI.

IN MIAMI, AS ELSEWHERE IN THE COUNTRY, COMMUNITY ACTION AGENCIES CONTINUE TO FILL A UNIQUE NEED IN OUR LOCAL COMMUNITIES: THEY ARE THE SAFETY NET FOR THOSE ON THE WAY DOWN AND THE FORCE TO RAISE PEOPLE OUT OF POVERTY TO A LEVEL OF SELF-SUFFICIENCY. MY FELLOW CITIZEN, MARY BLATCH, WHO IS HERE THIS MORNING FROM MIAMI, WILL REAFFIRM THE LATTER.

THE UNIQUENESS OF CAAS IS TIED DIRECTLY TO THEIR COMMUNITY SERVICES BLOCK GRANT FUNDING WHICH IS THE ONLY FLEXIBLE MONEY THAT CAAS RECEIVE. IT IS THE CSBG FUNDS THAT ALLOW COMMUNITY WIDE NEEDS ASSESSMENTS AND THAT SUPPORT CITIZEN INPUT SO THAT CAAS ARE THE FIRST TO BE AWARE OF EMERGING NEEDS.

CSBG IS THE CATLYTIC MONEY THAT PAYS START-UP COSTS FOR NEW PROGRAMS. IT IS ALSO THE FUNDING FOR GAP FILLING PROGRAMS THAT ARE NOT OTHERWISE SUPPORTED AND THAT MEET THE PRIORITY NEEDS OF THE POOR. NO OTHER MONIES ARE AVAILABLE TO PERFORM THESE VITAL FUNCTIONS.

THE COMMUNITY ACTION AGENCY THAT I KNOW BEST IS, OF COURSE, THE DADE COUNTY COMMUNITY ACTION AGENCY. IN FY85, APPROXIMATELY 70,000 LOW INCOME PEOPLE PARTICIPATED IN DADE COUNTY CAA PROGRAMS. PROGRAMS THAT RANGED FROM ECONOMIC DEVELOPMENT TO FOSTER GRANDPARENTS, SCHOLARSHIP PROGRAMS FOR NEEDY YOUTH TO SENIOR CITIZENS NUTRITION PROGRAMS.

PERHAPS THE MOST UNIQUE PROGRAM WE HAVE IS IN ECONOMIC DEVELOPMENT. THE COMMUNITY ACTION AGENCY SPONSORS AND SUPPORTS DEEDCO, THE DADE EMPLOYMENT AND ECONOMIC DEVELOPMENT CORPORATION TO FURTHER ECONOMIC DEVELOPMENT IN LOW INCOME AREAS. LIKE SO MANY INNOVATIVE PROGRAMS IN LOCAL COMMUNITIES, THE IDEA FOR

THE CDC WAS DEVELOPED BY THE CAA WHICH THEN SERVED AS THE CATALYST AND SPONSORED ITS FORMATION.

DEEDCO NOT ONLY SHARES THE MISSION OF THE CAA TO PROMOTE SELF SUFFICIENCY OF THE POOR, BUT ALSO ITS BOARD MEMBERS; THE CDC'S BOARD IS MADE UP OF PAST AND PRESENT CAA BOARD MEMBERS AS WELL AS ELECTED NEIGHBORHOOD REPRESENTATIVES. ALTHOUGH DEEDCO IS A FREE STANDING 501(3)(c), IT RECEIVES MANAGEMENT AND PROFESSIONAL SERVICES FROM THE CAA.

WE ARE FORTUNATE IN DADE COUNTY IN THAT AS FEDERAL FUNDS FOR THE POOR HAVE DIMINISHED, THE COUNTY GOVERNMENT HAS PROVIDED AD VALOREM TAX DOLLARS TO FUND THE ADMINISTRATION OF THE CAA. I AM AWARE THAT THIS IS NOT A FINANCIAL POSSIBILITY IN MOST CITIES AND COUNTIES IN THE COUNTRY AND THAT IF THERE WERE NO COMMUNITY SERVICES BLOCK GRANT, MANY CAAS WOULD HAVE TO CLOSE THEIR DOORS.

ONE OF THE IMMEDIATE CONCERNS OF THE CITIES IS HOW TO FIND THE RESOURCES TO DEAL WITH THE INCREASING PROBLEMS OF HOMELESSNESS. THE COMMUNITY SERVICES BLOCK GRANT HAS BEEN CITED BY BOTH HHS AND OMB AS ONE OF THE CHIEF SOURCES OF FEDERAL FUNDS TO ASSIST LOCALITIES WITH PROGRAMS FOR THE HOMELESS. I WOULD LIKE TO SEE THAT ROLE FOR CSBG REINFORCED AND EXPANDED IN THE LEGISLATION THIS YEAR. AS PART OF MY TESTIMONY, I WOULD LIKE TO SUBMIT A REPORT ISSUED BY THE CONFERENCE OF MAYORS ENTITLED THE GROWTH OF HUNGER, HOMELESSNESS AND POVERTY IN AMERICA'S CITIES WHICH EXPANDS UPON THE NEED FOR MORE RESOURCES.

MADAME CHAIRMAN, I BELIEVE IN THE COMMUNITY SERVICES BLOCK GRANT AND THE WORK OF COMMUNITY ACTION AGENCIES, AND I COMMEND YOUR SUPPORT AND THE SUPPORT OF OTHER MEMBERS OF THIS SUBCOMMITTEE TO REAUTHORIZE IT.

THANK YOU FOR HAVING ME HERE TODAY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

Senator Hawkins. Mayor, could you just pause for a moment and describe the work that has been done with the EDA, the Economic Development Discretionary Grants? I have been active with that program and I would like to know your opinion of it.

Do you know the ones I am talking about?

Mayor Suarez. Yes. The local economic development entity that we created, DEEDCO, I believe that I forgot to state that I was the incorporator of it, granting free legal services to the creation of that agency, and of course, it is a very valuable economic development entity.

We are going to as many nonprofits as possible in the area of Miami, looking for foundation moneys and private moneys everywhere we can to fill in the needs of people who are clients of community action agencies and similar social service programs.

I might add, Senator, that I know the Federal Government and the Reagan administration—and I have a lot of things in common with the administration—for many years has been concerned about the philosophy of advocacy by CAA centers. And I think we were somewhat ahead of that concern because, as much as 8 years ago when I was a member of the administering board, we clarified to our people, our staff people, that we wanted them involved in social services and not advocating changes in social structures and some of the other things that were taking place in other parts of the country. I presume by now they have cleaned up their acts, too, but I can guarantee you that in Miami, we have been serving people for the last 8 years since I was elected chairman of the Little Havana Action Advisory Board.

Senator Hawkins. Thank you very much.

Mr. Lynch?

Mr. Lynch. Chairman Hawkins, I am glad to be here today.

I am Jim Lynch. I am a division director with a State agency that is part of the Governor's office in the State of Iowa, and I come here today on behalf of the State of Iowa, as well as an organization called the National Association of State Community Service Programs. This organization is an association of the 50 States who administer this particular block grant.

I have been working with this program and its predecessor programs for as far back as 1970. I could cite a host of statistics as to the use of these program funds and the benefits that have been derived by them. I have done that before.

I think today I will take a slightly different tack, and I will just go through a few, very brief case histories. I would like to conclude my remarks with a few additional reasons as to why I think this program deserves your support.

First of all, I bring goods news. CSBG is a program that serves a very clear public purpose. It works with an element of society that is often forgotten, often neglected, and it works in a way that I do not think any other Federal program is effective. That is, the CSBG Program works as an advocate for poor people. It is not reactive as our traditional human service programs are, like the Food Stamp Program and ADFC, but it is proactive. And I think through those efforts, it does an awful lot to give hope and dignity to people who critically need that.

But let me just go over four stories that I gathered last week in meeting with our 19 community action agencies in Iowa.

The first one, item 1, is a story of a young man who came from a broken home, dropped out of high school at an early age. He was married in his teens and had a child shortly thereafter. At that point in time, he had no job and little hope of acquiring one. He entered the local community action agency and was enrolled in the Neighborhood Youth Program, a program that I administered myself in those days.

To make a long story short, 10 years have elapsed from the time that that man first entered that agency. Today, he is a district supervisor for our State conservation department.

My point in this story is just to give you a feeling for what CSBG funds are really doing. This example shows the primary purpose that this program is designed to accomplish: give a man who had no hope a chance to participate in our American dream, doing better.

Item 2, in what has become a common scenario in, especially the Midwest, we recently came upon a rural family of four that had filed for bankruptcy and lost the family farm. They were given help with food and fuel during their financial crisis, but perhaps more importantly, the local community action agency was instrumental in getting them adjusted to a new life and acquiring for both the husband and wife new jobs. But most importantly, what the CAA did in that case was to restore income, and perhaps even more importantly to restore dignity and a good way of life for that family.

So the CSBG Program is successful in its initial mission of helping people to bring themselves up to a higher quality of life than they would otherwise obtain on their own.

I do not have time for all of these stories, so I will just conclude with one more. A young woman who was raised by her widowed grandmother due to the handicap of her mother and the fact that her father was an alcoholic, enrolled in a Youth Employment Program—again, quite some time ago. And as a result of her work in that Youth Employment Program, she then was enrolled, again with the help of the CAA, in a community college. After graduating, she frankly did not have the kind of confidence necessary to get a job, and indeed came back to the community action agency as an outreach worker, at minimum wage, of course. In over a year's time, her self-confidence was established, and she then moved on to work in a medical office.

To make a long story short, several years have elapsed since then, and the woman became intrigued with the field of medicine and is now a second-year medical student.

That, too, is what CSBG is all about; that, too, is what makes CSBG unique.

Let me just move on to a couple of other comments on reauthorization. I think the goal that was laid out some 20 years ago for this program is still with us today. I think there is no shortage of people who need this kind of assistance, whether they are in Sibley, IA, or Miami, FL. There is much to be done; there is much that has been accomplished. I think it is a great success, and I hope that you will seek to enable the 800-plus community action agencies to continue their mission to work with these very deserving people.

Before I conclude, I would like to say something that I hope does not need much emphasis. Mr. Speers said something that concerns me. He indicated that there were two tests to determine the success of a program, and that is whether it is unique and nonduplicative, and second, whether it is therefore essential.

I would suggest that, after listening to Mr. Gadsby, and after having worked with this program for 16 years, that the evidence that I have seen, both personally as well as voluminous reports that we have got on this subject, would clearly indicate that we have cleared those two tests. CSBG is not duplicative, and is a very essential ingredient for providing hope to many people of this country who clearly do not have enough.

Thank you, Madame Chairman.

Senator HAWKINS. Thank you. We would like to include all of your examples for others to read.

Mr. LYNCH. Excuse me. I would also be remiss if I did not also indicate that our Governor, Governor Terry Branstad, has asked that some of his remarks that are enclosed in a letter be part of this record.

Senator HAWKINS. So ordered.

[The prepared statement of Mr. Lynch and the letter referred to follow:]

STATEMENT BY

JAMES LYNCH

DIVISION DIRECTOR
OFFICE FOR PLANNING AND PROGRAMMING
STATE OF IOWA

BEFORE THE

SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

MARCH 20, 1986

INTRODUCTION

To the Chair and Members of the Subcommittee on Children, Family, Drugs and Alcoholism, my name is James Lynch. I am a Division Director with the Governor's Office for Planning and Programming in the State of Iowa. I have been responsible for the administration of the Community Services Block Grant (CSBG) in Iowa since it's advent in 1981. In addition to representing the State of Iowa, I am here as a representative of the National Association of State Community Services Programs (NASCSP). NASCSP is a professional membership organization whose members are the State CSBG Directors.

GOOD NEWS

It is a pleasure for me today to be able to report that the Community Service Block Grant is working well in Iowa and in other states. Because of the CSBG, people are finding help and solutions for poverty-related problems. Let me review a few case examples that have come to my attention recently as to how CSBG funds are helping low-income persons.

ITEM 1 A young man from a broken home drops out of school. He is married in his teens. A child arrives and the young man has no job and little hope of finding one. The local Community Action Agency (CAA) begins working with the family. He is enrolled in a youth employment program and gets on-the-job training with the Iowa Conservation Commission. To make a long story short, ten years have elapsed since the man first arrived in the CAA office and I am pleased to tell you that he is now a supervisor for the Iowa Conservation Commission.

ITEM 2 In what has become a common scenario, a rural family of four has filed for bankruptcy and lost the farm. They are given help with food and fuel during the financial crisis. Perhaps more importantly, they are helped by the local CAA to find jobs and housing in town, returning their dignity as well as their income.

ITEM 3 Another rural family is trying to hold on to their farm. They've already sold a number of acres and do not have the resources to put in a crop. The CSBG-funded Community Action Agency (CAA) provides help with the pressing need for food and utility bill payments. The CAA then locates a private donor to provide the farm family with enough seed money to plan an acreage of beans as a cash crop. The revenue from that acreage helps the family through the winter. The family also receives garden seeds, plants and home canning instruction from the CAA.

ITEM 4 A young woman who was raised by her widowed grandmother due to the handicap of her mother and alcoholism of her father becomes enrolled in a youth employment program. As a result of her success at the job site, she decides to enroll in a community college. Upon graduating she has great difficulty in securing employment. She is given a job at the local Community Action Agency. Her work experience develops and she moves on to a job in a medical office. She develops an interest in medicine and is currently a successful second year medical student.

Successful examples like these are derived from well designed CSBG programs.

PROGRAMS DEVELOPED WITH CSBG

I would like to discuss some new programs administered by CAAs in Iowa that are making an important difference in the lives of many. While these are Iowa examples they are indicative of the national use of CSBG funds.

1) Four agencies have developed systematic family development programs. These programs work intensively with targeted low-income families and have begun to move families completely out of poverty and into self-sufficiency.

2) One agency has implemented a job development program which provides

resume writing assistance, job interview practice sessions and job search assistance. Until this CSBG funded program began, these services were not available in the agency's service area.

3) CSBG-funded agencies statewide have worked in tandem with private interests to undertake joint ventures. One telecommunications company is helping finance a program through CAAs which installs telephones in the homes of low-income elderly "at-risk" clients. Another telecommunications company is helping finance a CAA program which teaches low-income consumers about choices which help hold down the cost of residential telephone service. Energy utilities are working with CSBG funded agencies to provide a program of budget counseling to poverty level households.

4) CSBG funded agencies in approximately one-fourth of Iowa have participated in the development and implementation of a program called Food for Life. Food for Life makes use of underweight or crippled livestock which is donated by farmers. The meat is inspected and packaged before it is distributed to the needy by CAAs.

LITTLE CSBG USED FOR ADMINISTRATION

A question has arisen regarding the amount of CSBG funds that are used for administration.

Local anti-poverty programs utilize CSBG dollars in a wide variety of ways. The CSBG funds fulfill an important need by providing local CSBG grantees with a flexible source of revenue which is used to fill gaps in management and programmatic costs necessary to implement local anti-poverty programs. In Iowa, using Fiscal Year 1986 planned expenditures, 54% of CSBG funds are spent in support of local community outreach centers which provide a coordinated multi-program delivery system in all counties as well as traditional outreach services.

Twenty-eight percent of CSBG funds are used for administrative costs such as accounting and agency-wide management.

Thirteen percent of CSBG funds are used to provide additional direct support for local, state, or national programs which need CSBG financing to operate.

Five percent of CSBG funds are used for program development including community needs assessments, planning, resource development and program design.

The publicly funded, as well as the privately funded programs operated by local CSBG grantees typically have limits on the type and amount of costs they will cover. Frequently, the costs of outreach, management, service delivery and program development are limited or completely prohibited by these funding sources. Clearly, CSBG provides vital support which allows for the delivery of a number of anti-poverty services across this country.

NO DUPLICATION BETWEEN CSBG/SSBG

A second questions has arisen regarding the issue of duplication between the CSBG and the Social Services Block Grant (SSBG). The evidence on this question is now available and it clearly supports the argument that CSBG and SSBG are not duplicative.

My state was one of those recently visited by the U.S. General Accounting Office as part of their review of CSBG. The question of duplication between CSBG and SSBG was raised by the review and it was determined that no duplication exists in Iowa. The two block grants are targeted to deal with different social problems and different clientele. SSBG funds are predominately used to meet the ongoing needs of severely dependent populations such as abused children and mentally or physically disabled adults. CSBG funds finance community action programs that serve the much larger low-income population in general. The CSBG funded programs focus on assisting marginally dependent persons in becoming self-sufficient and helping persons meet basic needs during short-term emergency situations.

NEED FOR REAUTHORIZATION

In conclusion, I hope this nation is still dedicated to the same goal of helping people out of poverty as we were in 1964 when these efforts were begun in earnest. The CSBG Program provides the authority as well as the funds to continue this national effort through our 800+ Community Action Agencies.

Without the continued funding of CSBG the role of the Community Action Agencies as a catalyst for bringing people out of poverty may well be lost. As the Governor of Iowa, Terry Branstad, has said in his letter to this Committee in support of CSBG reauthorization, "We must maintain this unique program which promotes self-sufficiency and opportunities for independence." (letter enclosed).

Thank you.

OFFICE OF THE GOVERNOR
STATE CAPITOL
DES MOINES, IOWA 50319
515 281 5211

TERRY E. BRANSTAD
GOVERNOR

March 13, 1986

The Honorable Paula Hawkins, Chairman and Members
Subcommittee on Children, Family, Drugs and Alcoholism
Committee on Labor and Human Resources
United States Senate
SH-639 Hart Senate Office Building
Washingon, D.C. 20510

Dear Chairman Hawkins and Members:

I am writing to express my views on the importance of reauthorizing the Community Services Block Grant (CSBG) and continuing its funding.

CSBG funds provide vital support to the operation of the nineteen Community Action Agencies (CAAs) in Iowa. These agencies emphasize programming that deals with the causes of poverty through self-help, economic development and employment services. The agencies also have the flexibility to respond to emergency needs during crisis situations.

CSBG dollars are an integral element in allowing local community action agencies to effectively provide a variety of locally needed human services. Many CAA-provided services would be curtailed in the absence of CSBG since such services often have inadequate or no administrative funding. Specific examples of those CAA-operated programs include: Head Start, Day Care, Self-Help Classes, Home Weatherization, Home Energy Assistance, Chore Services, Women, Infants and Childrens Supplemental Food Program, Gardening Programs, Information and Referral, Senior Employment Programs, Youth Employment Programs, Maternal and Child Health Programs, and Emergency Food Pantries.

In Federal Fiscal Year 1985, Community Action Agencies provided services and opportunities to 470,198 low-income Iowans. This was accomplished with an average administrative cost rate of 4.8 percent. The relevance of CSBG support to these accomplishments cannot be understated. Given the economic deterioration in the rural Midwest, the State of Iowa has not been able to finance CSBG services at a time when the demand and need for these services is increasing.

I urge your support for the reauthorization and continued funding of the CSBG. We must maintain this unique program which promotes self-sufficiency and opportunities for independence.

Sincerely,

Terry E. Branstad

Terry E. Branstad
Governor

TEB:vs

Senator HAWKINS. We are in a debate over what gets funded and what gets authorized, and case histories are always very effective in arguing for reauthorization.

Mary, we have you sandwiched in there between the gentlemen. Do you have a statement, or would you just like to respond to questions? We are happy you are here today. The Sun came out when you walked up to the table, I noticed.

Ms. BLATCH. Thank you, Senator.

My name is Mary Blatch——

Senator HAWKINS. Just move the microphone right up to your face.

Ms. BLATCH. I am not used to this.

Senator HAWKINS. Very few of us are. Just bring it right up close so they can hear you in the back.

Ms. BLATCH. Good afternoon. My name is Mary Blatch, and I have been involved with Dade County Community Action since 1978.

I am a 27-year-old mother of four, and I can say that the services from CAA have helped me become more aware of myself and my ability to function as a person.

My first contact with the agency was through the Head Start Program, which my children attended, and now all four of my sons are in public schools, and all four of them are participating in a program with the early intervention project in my children's school. And they were referred to the project in the inschool counseling services provided by CAA and had a positive impact on their grades and attitude by being enrolled in the project.

Myself and other parents have participated; we were interviewed and encouraged to participate in parenting skills training and job development and employment workshops. The workshops and parent development effort by CAA is what really started me moving.

The CAA staff was so persistent, yet patient, in encouraging me to do something with my life. At the time, I was an unemployed, contented housewife. I had no idea that I should or could do anything but be concerned with my family and make the most with what we had.

The CAA Early Intervention Program provided me with parenting skills, referral and service for employment, child care, and a belief in myself. The 7 years of contact with CAA and the bigger push 2 years ago from the agency have helped me to be more confident, more aware of my potential, and able to give something back to the community.

I have been able to enroll in cosmetology training, pass the State of Florida Cosmetology Board, and become employed as a cosmetologist. I performed so well on the State board exams, CAA has allowed me to serve as a role model for the parents.

Presently, I am assistant manager of a Unisex Beauty Salon. I can firmly say to you that CAA has made an astounding difference in my life. I am grateful for those years of Head Start and Early Intervention. And I urge your support of all Community Action Programs.

And I would like to say that had it been another food stamp or welfare program, I would not be here today because with the welfare and food stamp programs, unless you remain in poverty, you cannot receive food stamps and welfare. But this helped me to pull myself up out of food stamps and welfare and go on to something better so that people who really need food stamps and welfare, who cannot work, can receive those programs.

But I am able to work. I am a young woman, very strong, and I desire to be something in life. And had not the community action center stepped in and intervened, I would still be home, content in being nothing. I was very depressed, and because of the depression, my husband and I were always at each other's throats, because there was never enough money to really meet our needs. But now, there is enough money to meet our needs, plus to buy nice things for our children so that they can have a better chance at life. And had it not been for the program, I would not be here today.

So I beg you today to continue this program, because there are other people like myself who need this program, who will not just be a burden for the Government, but can achieve something through this program and go on to be somebody special and be able to help someone else to come out of their poverty, and not just stay there and be a burden, but climb above poverty and be a blessing to someone else.

Thank you.

[The prepared statement of Ms. Blatch follows:]

TESTIMONY FOR MARY BLATCH

SERVICE RECIPIENT
DADE COUNTY, FLORIDA
COMMUNITY ACTION AGENCY

TO MEMBERS OF SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS, AND ALCOHOLISM OF THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES:

GOOD AFTERNOON. MY NAME IS MARY BLATCH, AND I HAVE BEEN INVOLVED WITH THE DADE COUNTY COMMUNITY ACTION AGENCY SINCE 1978. I AM A 27 YEAR OLD MOTHER OF FOUR AND I CAN SAY TO YOU THAT THE SERVICES FROM CAA HAVE HELPED ME BECOME MORE AWARE OF MYSELF AND MY ABILITY TO FUNCTION AS A PERSON.

MY FIRST CONTACT WITH COMMUNITY ACTION WAS THROUGH THE HEAD START PROGRAM. ALL FOUR OF MY CHILDREN WERE ENROLLED IN AND COMPLETED HEAD START. FOLLOWING ENTRANCE INTO PUBLIC SCHOOL, MY CHILDREN WERE EXPERIENCING SOME ACADEMIC AND ATTITUDINAL DIFFICULTIES. THE CAA WAS SPONSORING AN EARLY INTERVENTION PROJECT IN MY CHILDREN'S SCHOOL AND THEY WERE REFERRED TO THE PROJECT. THE IN-SCHOOL COUNSELING SERVICES PROVIDED BY CAA HAD A POSITIVE IMPACT ON THEIR GRADES AND ATTITUDES. BY BEING ENROLLED IN THE PROJECT, PARENTS OF THE PARTICIPANTS ARE INTERVIEWED AND ENCOURAGED TO PARTICIPATE IN PARENTING SKILLS TRAINING AND JOB DEVELOPMENT/EMPLOYMENT WORKSHOPS. THE WORKSHOPS AND PARENT DEVELOPMENT EFFORT BY CAA IS WHAT REALLY STARTED ME MOVING. THE CAA STAFF WAS SO PERSISTENT, YET PATIENT, IN ENCOURAGING ME TO DO SOMETHING WITH MY LIFE.

AT THE TIME, I WAS AN UNEMPLOYED, CONTENT, HOUSEWIFE. I HAD NO IDEA THAT I SHOULD OR COULD DO ANYTHING BUT BE CONCERNED WITH MY FAMILY AND MAKE THE MOST OF WHAT WE HAD. THIS CAA EARLY INTERVENTION PROGRAM HAS PROVIDED ME WITH PARENTING SKILLS, REFERRAL AND SERVICE FOR EMPLOYMENT, CHILD CARE AND A BELIEF IN MYSELF. THE SEVEN (7) YEARS OF CONTACT WITH CAA, AND THE BIGGER PUSH TWO YEARS AGO FROM THE AGENCY HAS HELPED ME BE MORE CONFIDENT, MORE AWARE OF MY POTENTIAL, AND ABLE TO GIVE SOMETHING BACK TO THE COMMUNITY.

I HAVE BEEN ABLE TO ENROLL IN COSMETOLOGY TRAINING, PASS THE STATE OF FLORIDA COSMETOLOGY BOARD, AND BECOME EMPLOYED AS A COSMETOLOGIST. I PERFORMED SO WELL ON THE STATE BOARD EXAMS, CAA HAS ALLOWED ME TO SERVE AS A ROLE MODEL FOR THE PARENTS.

PRESENTLY, I AM ASSISTANT MANAGER OF A UNISEX BEAUTY SALON. I CAN FIRMLY SAY TO YOU THAT CAA HAS MADE AN ASTOUNDING DIFFERENCE IN MY LIFE. I AM GRATEFUL FOR THESE YEARS OF HEAD START AND EARLY INTERVENTION, AND I URGE YOUR SUPPORT OF ALL COMMUNITY ACTION PROGRAMS.

Neighbors 2/6/86

Program gives parents chance to realize their full potential

By M. DION THOMPSON
Herald Staff Writer

Mary Biatch used to be content to stay at home, feed the kids and wash the clothes.

"It was dull, but it was something," said Blatch. "If it had not been for God intervening through Jackie Lewis, I'd still be at home, watching life pass me by."

Lewis is a family service worker with the early intervention program at the Edison/West Little River Neighborhood Service Center, 105 NW 79th St. While the program helps elementary school children who have academic or discipline problems, Lewis works with their parents.

In Blatch's case, Lewis opened the door to a new life. The 27-year-old mother of four sons used to dream about getting her own business designing clothes, or of working as a professional hair dresser.

Following Lewis' direction, Blatch is now assistant manager at the Brown Sugar Unisex Beauty Salon, 4312 NW Seventh Ave, and designs some of her own clothes.

Lewis goes into the homes, finds out what the mother or father would like to do.

"I don't go in like I'm some sort of miracle worker who's going to change their lives," said Lewis. "I can tell you how to do something but I can't walk through the door for you."

Lewis has talked to 42 parents in the last 18 months: 12 have new jobs and five others have been placed in job training programs.

Her job, basically, is to let people know what is available to them.

"Some parents are sitting home right now without a GED and don't know they can go to school at night for free," Lewis said. "The way I see it, people operate from their own frame of reference. I'm here to open their eyes."

"I'm more happy now than I have been in almost my entire life," said Blatch, who dropped out of Edison Senior High School 10 years ago to care for her first child. "Every time I attempted to go back to school I was pregnant, so that sort of destroyed my dream."

The dream did not die; babies and wifely duties pushed it aside until August 1984, when Lewis started calling.

"Why is this lady bothering me, that's what I thought," said Blatch.

With Lewis' help, Blatch enrolled at the Robert Fiance School of Beauty. She graduated with honors last August and got her state license in November.

Her metamorphosis to working woman was not easy. It took a lot of sacrifice and adjustments by her family. One of her sons once asked if his busy mommy still loved him.

"I said: 'Yes. That's why I'm working.' "

Senator HAWKINS. Thank you, Mary. I am going to come and listen to you when you get used to doing this. [Laughter.]

We welcome Senator Grassley. One of his constituents, Mr. Lynch, has just testified about Iowa and how wonderful the programs are there.

Senator GRASSLEY. I thank him for his testimony, and I was hoping to be here to introduce him, but I was in the Judiciary markup. I will not go through a reintroduction at this point, but thank you for your courtesy that you have extended, Madam Chairman. I will put my statement in the record.

I am sure you know that the money for this program was restored in the budget that we voted out yesterday. I had an opportunity to not only help in that restoration, but also to help reach a bipartisan consensus to get the total budget out on a 13 to 8 vote. There was not a great deal of controversy, as far as I could tell, over this particular program within the Budget Committee. There was no discussion on it, because I think it is accepted. Where there were efforts to eliminate it, people were not singling out this program, but were attempting to eliminate a long list of programs. Most of those programs are preserved for the next budget year, I am happy to say.

Senator HAWKINS. Thank you for your interest and participation. You are a valuable member of this subcommittee, the committee, and of the Senate.

Mr. Stricker.

Mr. STRICKER. Madam Chairman, Senator Grassley, thank you very much for this opportunity to appear before the committee. I am following a very difficult person in terms of giving this testimony, because I think Mary's testimony so much gets at what is the heart and the soul of community action, that I personally had the privilege of being involved with over the last 15 years.

I am going to wear two hats today. The Community Action Commission that I represent receives passthrough funds through the State of Ohio, and we also receive funds from the Office of Community Services Discretionary Programs.

I am going to stick to the subjects that I know best, and that is my community action agency and a number of my colleagues in Ohio, and then to talk primarily about the Rural Community Assistance Program.

WSOS Community Action serves four counties in rural northwestern Ohio, and CSBG funds have over the years given us the ability to develop and continue a wide range of important services which we coordinate. These include employment training, senior citizen centers, meal programs, Head Start, migrant daycare programs, housing and energy programs, and economic and community development assistance to local government.

Fifteen thousand people were served last year directly by our agency, and an additional 20,000 of their family members received benefits.

It has been said that we could do without CSBG funds. Let me state for the record as part of my statement that without CSBG funds last year, we would not have been able to work with the city of Port Clinton and start a housing rehabilitation and public water improvement project in a former World War II barracks that has been a 30-year problem in a particular community where, if someone were to flush the toilet in one room, they would not be able to draw water for a half-hour in the kitchen; the impact much more serious in that the public water lines to that particular housing group were not sufficient in case of an emergency such as fire to protect the basic safety of the people.

We would not have been able to provide an additional outreach service to 4,500 people.

We would not have been able to organize and implement a countywide economic development effort in Wood County. In our area, Senator, we are still very much a recessionary State in terms of our local economy, and unemployment has averaged, even in times of what Mr. Speers referred to as the recovery, our unemployment has averaged over 10 percent in our area.

We also would not have been able to reorganize and reinstitute a program providing 600 people and their families with surplus commodities, because there are no funds available to us to distribute surplus commodities. So CSBG funds allowed that to begin and to organize the volunteers and begin that process.

A lot has been said about administration. As you can see, these are not administrative activities. They offer further proof of the GAO Report that CSBG funds are going into direct services. In that regard, another reason given by the administration for the desire to eliminate community action is that we duplicate services.

Again, speaking best for my area, Senator, I do not know, in all honesty—and I have lived there for 16 years and worked there for 16 years—I do not know of a service that we do duplicate in our communities.

In Ohio last year, approximately 2 million people received services through Community Action. The services are similar to those provided at WSOS, but many are in other critical areas where there have been gaps; where there have not been medical services.

Homelessness is also a growing problem in Ohio and not just in our urban areas. In rural areas, we see homelessness also on the rise. One small agency in Fairfield County, OH, when they had the opportunity to create a multiservice building, they included in that multiservice building three apartment units which were set aside for the homeless, and in the course of the last two years, they provided 12,000 nights of lodging.

The importance is great, if the hub of the wheel for community action out of which a number of program spokes reach out to our communities. It is self-help. It is what Mary talked about in terms of giving people opportunities and not just a service.

As I said, I am going to need to switch hats, and at this time, I will take that opportunity and talk about the discretionary funds, the 9 percent of OCS funds that are made available for a variety of programs.

We work with the water and sewer programs, or the RCAP programs. Improving water and wastewater is a major undertaking for any community, particularly for a small rural community with few professional staff. Building, expanding, and rehabilitating a system is a long and intricate process, sometimes taking anywhere from 4 to 10 years. Some communities, small communities particularly, when they reach an obstacle, may give up. There is considerable need for adequate water and wastewater facilities in rural areas nationally. For example, only about 50 percent of rural communities have public water systems.

A study which Cornell University made for EPA indicated that two-thirds of private or nonpublic water systems in rural areas exceed at least one maximum contaminant as measured by EPA. For small communities that lack internal capacity for public works projects, RCAP can mean a difference.

As an example, in Big Branch, OH, a group of citizens came to the county commissioners and complained of the fact that their water table was dropping in their wells, and they were no longer able to get the water pressure necessary, and they were quite worried. The county commissioners sent them to the local RCAP provider; they worked together with a private company, with the bank, with Community Development Block Grants, and by doing that, they were able to establish a private water system into the area.

Nationally, the program has been equally successful, and some 185,000 rural families were helped as a result of RCAP assistance.

The discretionary fund also addresses the need for affordable and decent housing in rural areas. Between 1970 and 1980, the number of substandard housing units nationally declined by 34 percent, from 2.9 million units to 1.9 million. Unfortunately, the number of those units occupied by low-income families remained constant at 850,000.

Rural housing grantees work with low-income families on an individual basis to rehabilitate and weatherize their homes. They work with communities to plan and develop rental housing. Project development of this kind is difficult and time consuming, and they provide a bridge and an assistance to local communities in accomplishing these important tasks.

With regards to the economic development programs again, these give an opportunity to nonprofit agencies to have a role targeting their assistance to help those most in need, that is, the low-income people. This kind of technical assistance is not available particularly in rural America, at the drop of a hat.

Oftentimes, the many regulations, the extensive regulations, the very nature of the written word as it applies in Federal application processes, are enough to stop local communities from going on. RCAP's, rural housing organizations, and economic development organizations can bridge the gap between the community and between generating the necessary resources to make a project come through.

I would also like to state that as supportive as Governor Celeste and our State legislature has been, it would not be possible for Ohio to replace these funds if they were taken away in the foreseeable future.

I would also like to encourage that the intent of Congress with regard to the passthrough of these funds encourages the Office of Community Services to look at States that are having problems getting the money from the States to the local areas.

I would also like to ask you to remember that over the last 21 years, community action agencies have given birth to some very, very important programs nationwide, such as Head Start and

Weatherization. And if other needs are presented to us by the Nation and the Congress, we would gladly accept the challenge of fulfilling those needs.

Finally, I want to thank you for the opportunity to present my testimony for the reauthorization of the CSBG passthrough and discretionary funds. It is my belief, Senator, that these funds are important and in the national interest.

Thank you.

Senator HAWKINS. Thank you.

[The prepared statement of Mr. Strickland follows:]

STATEMENT OF

DONALD F. STRICKER, EXECUTIVE DIRECTOR

WOOD-SANDUSKY-OTTAWA-SENECA COUNTIES
COMMUNITY ACTION COMMISSION, INC.

BEFORE THE

SENATE SUBCOMMITTEE ON
CHILDREN, FAMILY, DRUGS & ALCOHOLISM

ON THE

COMMUNITY SERVICES BLOCK GRANT

Madame Chairman and other distinguised members of this subcommittee, thank you for the opportunity to address you on the critical need for the reauthorization of the Community Services Block Grant (CSBG). Because of the importance of CSBG to our 900 Community Action Agencies, the poor, the elderly, and the communities they serve, I hope and pray my testimony will help them.

In your letter your invited me to testify because the Community Action Agency, Wood - Sandusky - Ottawa - Seneca Community Action Commission, for which I am the executive director, receives both the regular CSBG funds passed through the state and discretionary funds directly from the Office of Community Services. My remarks will be concentrated on what I know best. With regard to the CSBG "pass through" funds and their importance, my subject will be W.S.O.S. and community action in Ohio. The discretionary program I am directly familiar with is the Rural Community Assistance Program (RCAP) for technical assistance in water and wastewater.

W.S.O.S. Community Action Agency primarily serves four rural counties in Northwest Ohio. CSBG funds have given us the ability to develop and continue providing a wide range of important services that address the causes of poverty and promote self-sufficiency. These include employment and training, senior citizens' centers and meal programs, Head Start and migrant day care, housing and energy programs, and economic and community development assistance to local government and business. Fifteen thousand people were served directly last year and another twenty thousand in their immediate families also benefitted.

In addition to supplementing other programs, CSBG direct funded 1) a housing rehabilitation and public water improvement project affecting 230 units in the City of Port Clinton; 2) outreach services to 4,500 individuals and their families;

3) a county-wide economic development effort in Wood County; and 4) a program providing six-hundred people and their families with surplus commodities.

As you can see, these are not administrative activities and they offer further proof of the G.A.O. finding that CSBG funds are going into direct services. In that regard, another reason given by the administration for the desire to eliminate community action is that we duplicate services. In addition to the G.A.O. report, let me assure you that we do not duplicate other service groups in our communities.

In Ohio last year approximately two million people received services from Community Action Agencies. Many of the services provided by other CAAs are similar to those at W.S.O.S. I would like to point out the uniqueness of some of these services, such as the 113,271 people who received health services directly from Community Action Agencies or the 20,000 people who were provided with clothing in Ohio.

Homelessness is a growing problem in Ohio as it is nationwide. In Ohio, as elsewhere, Community Action Agencies have taken a leadership role in this area. Even in rural areas, CAAs such as the Fairfield County, Ohio Community Action Agency included three apartments in their donated multi-service building to house displaced families and individuals. By using CSBG funds and other community resources they have served forty-three single persons and twenty-four families with 1,200 nights lodging since opening in 1984.

The importance of CSBG to W.S.O.S. and Ohio is great. It provides direct services to millions and acts as the "hub of the wheel" from which many other "program spokes" provide critical services to our communities. We also believe strongly in the opportunities for self-help which our agencies provide. We in Ohio are not unique and the other 850 Community Action Agencies provide like services and opportunities to their communities.

W.S.O.S. receives discretionary funds for the Great Lakes Rural Network's Rural Community Assistance Program. This is one of six such programs nationwide. The Rural Community Assistance Programs (RCAPs), through a system of six regional technical resource centers, help communities deal with the difficult problems of water and wastewater development.

Improving water and wastewater facilities is a major undertaking for any community - particularly for a small rural community with few professional staff and meager financial resources. Building, expanding, or rehabilitating a system is a long and intricate process. Development of a new water system can take as long as four years; a sewer system may take ten. Some communities encounter so many obstacles that they give up in frustration. Others make mistakes they will have to live with - and pay for - for years.

There is a considerable need for adequate water and wastewater facilities in rural areas nationally. For example, only about 50% of rural communities have public sewer systems. A study which Cornell University made for the Environmental Protection Agency (EPA) indicates that rural water contamination is much greater than believed. In fact, 2/3 of private, or non-public water systems in rural areas exceed at least one maximum contaminant level as measured by EPA.

For small communities that lack internal capacity for public works projects, the Rural Community Assistance Program can mean the difference between success and failure. With expertise in all phases of facilities development, the RCAPs assist rural communities by providing technical assistance tailored to the unique requirements of each situation.

For example, in Big Branch, Ohio, low income people began to have problems with their wells. New housing development was lowering the water table. When the county commisioners asked RCAP for help, we succeeded in putting together a partnership with financing from a private water company and private water company and private lenders for a water line extension. Community Development Block Grant (CDBG) funds from the county were used to help low-income families tap into the system.

Each and every funder was essential. The extension would not have been feasible if the substantial number of low income families did not tap in and use the system. The system would not have been built or managed economically without the participation of the private company and a local bank. The partnership itself would not have taken place without the presence and efforts of RCAP which is funded by the national discretionary funds.

The project cost $224,000; $100,000 of this was private investment, $82,000 came from up-front fees to the residents, and $34,000 from CDBG. Approximately 165 low and moderate income families were served.

Nationally, the program has been equally successful. In 1985, rural communities with some 185,000 rural families are expected to be helped as a result of RCAP assistance. Rural communities have also gained access to public and private resources - money loaned or contributed, goods donated, and labor volunteered - that might otherwise have been lost to them. At the same time, the RCAPs have helped these communities save money by identifying simple, cheap, yet effective remedies to their problems.

The national CSBG discretionary fund also addresses the need for affordable and decent housing in rural areas. Between 1970 and 1980, the number of substandard housing units nationally declined by 34% from 2.9 million units to 1.9 million. Unfortunately, the number of those units occupied by low income families remained constant at 850,000.

Rural housing grantees work with low income families on an individual basis to rehabilitate and weatherize their homes. They work with low income rural communities to plan and develop rental housing for the elderly and low income families. Project development of this kind is difficult and time consuming. In 1985, the grantees were expected to help over 1,000 low income families to obtain decent housing.

The community economic development component of the discretionary fund is designed to promote community business development and jobs in economically distressed areas. Funds provide venture capital for business development, housing, and technical assistance and training.

The success of a small amount of federal seed money has been remarkable. In 1985, it is expected that 36 projects will create 3,700 new jobs at a cost of $4,641 per job. This from a federal investment of only $17.22 million.

The allegation that these discretionary programs are duplicative is simply not true. Neither Farmers Home Administration nor the Environmental Protection Agency targets technical assistance for developing water or waste systems in the smallest and poorest communities. In housing, 1981 saw the end of Farmers Home and Housing and Urban Development (HUD) outreach and technical assistance programs for home repair and rental housing. HUD Small Cities funds for housing while available, are open to towns of up to 50,000 population; the OCS funds are targeted to places with 25,000 or less. In economic development, federal programs such as Urban Development Action Grants, Economic Development Administration Grants, and Small Business Administration loans and loan guarentees do not directly serve non-profit community development organizations.

Because the housing and community economic development programs are quite varied, I have asked the National Rural Housing Coalition and the National Congress for Community Economic Development to submit background information on these programs. I would like to submit these as additional statements for the record.

Before concluding, it has come to my attention that a number of states and a territory may not be living within the spirit of Congress' "pass through" provisions. It is my belief that the Office of Community Services should be instructed to better monitor and enforce congressional intent.

I would also ask you to remember that in the past Community Action Agencies have given birth to many initiatives on behalf of the poor: the Head Start Program, Weatherization, and on a smaller scale, the Rural Community Assistance Program to name a few. We stand ready to do more if given the chance.

Additionally, as supportive as Governor Celeste and our state legislature has been, it would not be possible for Ohio to replace these funds in the foreseeable future.

As a Community Action Agency Director dealing with many programs from many funding sources, I can say that no other federal program requires such a clear focus on tangibly serving low income people, helping them to improve their living conditions, and get out of poverty.

Finally, I want to thank you again for the opportunity to present my testimony for the reauthorization of Community Services Block Grant. These funds are important and in the national interest.

Senator HAWKINS. Mr. Bradley.

Mr. BRADLEY. Madam Chairman, my name is David Bradley, and I am the legislative director for the National Community Action Foundation. I thank you for this opportunity to testify on the importance of the Community Services Block Grant and its need to be reauthorized.

Let me say at the outset that all of the Nation's 900 community action agencies, and especially the 20 community action agencies in Florida, are deeply appreciative of the leadership you and members of the subcommittee have shown in behalf of improving the lives of the poor through community action agencies.

Because of you and our special friend, Senator Grassley, the Community Services Block Grant is included in the Domenici/Chiles budget resolution that was reported out yesterday, and chances of the CSBG remaining in the budget completely through the process look very, very good.

I would like to make just a few brief comments about the importance of community action agencies in our reauthorization needs. I view the 1986 reauthorization as an historic opportunity to significantly improve the lives of millions of low-income people.

As the committee is all too painfully aware, there are many reasons why people are poor. Community action agencies, through funding provided under the Community Services Block Grant, provide a vital and irreplaceable link toward helping poor people pull themselves up and participate in the society. Being poor is a symptom of the problem; it is not a problem itself. There may be a legal problem, a housing problem, a schooling problem, a transportation problem, a health problem which so consumes this person or family that they cannot support themselves economically.

It is the community action agency with programs locally designed and administered that is best able to analyze the problem and most importantly, design the solution to lift these people into the mainstream of modern America.

I am not here today to argue for the recreation of the Community Services Administration or its predecessor, the Office of Economic Opportunity. But I am here today to argue that it is a Federal responsibility to strengthen our society and provide assistance to proven programs for those people who need to take advantage of the American opportunity. The Community Services Block Grant certainly is a part of that responsibility in providing that opportunity.

Now that the General Accounting Office has reviewed the Community Services Block Grant and specifically refuted the administration's arguments in calling for its abolition, I would hope that they too see this program as representing a significant opportunity for millions of Americans to break the cycle of poverty.

Specifically, I would urge the subcommittee to consider the following points in drafting legislation.

No. 1, it seems to me that people who administer the program have spent a considerable amount of time in the last 5 years in trying to terminate the program and very little time in trying to make the program more effective.

I realize that you cannot legislate that people appointed to administer the program actually believe in the program. But surely, when the Commonwealth of Puerto Rico, for example, allows the island-wide program to cease functioning since last October and keeps over $7 million sitting in its account, then OCS must be forced to act on behalf of the nearly 35 percent of the island's population that need those services; or, when a State terminates a community action agency for whatever reason and decides summarily to give those funds to a local unit of government with no regard for the provisions of law regarding CAA replacement; or when OCS provides little interpretation to the States as to what the legislation actually means; or when the administering office collects no data on the effectiveness of the program, the programmatic need, or even the basic information such as how many people are being served—surely, the Office of Community Services must be required to monitor, to evaluate, and assist the program so that the Federal investment in the Community Services Block Grant is an effective expenditure of resources.

Next, I would remind the subcommittee that community action is an exciting, innovative program. It always has been, and it always will be. Head Start and Low-Income Weatherization are just two of many programs that began as a concept or a pilot program.

Community action agencies still have the capability of coming up with new and innovative ideas to deal with poverty. The only ingredient lacking is a little seed money, money to start the project.

Specifically, I would urge you to carefully consider the creation a new title called the Community Partnership Fund, its authorization not to exceed $10 million. And I might add at this point, I am not arguing for an increase in the total authorization amount of the Community Services Block Grant, either, just $10 million earmarked out of the current authorization. The fund would be available to CAA's on a 50 to 50 match. It is a local/ State/private match to be in cash. It is a one-time funding to start an innovative project designed to cope with a new or emerging facet of poverty. In Iowa, it might be the family farm. In Florida in years past, it could have been on refugees, it could have been Liberty City.

As you know, CAA's leverage an additional $8 for every CSBG dollar. CAA's in every State are continually asked to come up with new and innovative programs to cope with these crises. And yet, because of the severe reduction in funds since 1981, and as you point out, a number of States have had to cut back their budgets since the beginning of the budget cycle, there really, truthfully, is not a dollar to spare out there. I strongly urge you to consider this small pot of money that the CAA's could tap into for 1 year to get the project started. After 1 year, no Federal funds; just a 1-year deal.

But wouldn't it be fantastic if the Office of Community Services would then be in a leadership role in providing the data and assessment to other States that have similar problems that want to address those needs? If it is a small family farm in Iowa, I can tell you after visiting, North Dakota has the same problems. Wouldn't it be nice if they shared some of that information?

Next, I strongly urge that the subcommittee reinforce the concept of training and technical assistance. As members are aware, Head Start spends considerable funds on training and technical assistance. Yet in this program, very, very little training and technical assistance occurs. It is ironic because the need has never been greater. Approximately one-third of the CAA's directors have been in their jobs 3 years or less, and a sizable minority of State administrators are relatively new to the program.

Stated simply, to continue to improve, we need leadership, guidance, and technical assistance.

The Community Services Block Grant should be an exciting piece of legislation. Literally, it is the key to the way out of poverty for millions of low-income citizens. With your support, we can realize that opportunity.

Thank you.

Senator HAWKINS. Thank you.

Senator Grassley is not sure he will back, but Mr. Lynch, he asked if I would ask you his prepared questions.

What type of services are provided by the SSBG and the CSBG in Iowa, and is there any duplication in the programs?

Mr. LYNCH. No. We have always been sensitive to that issue, and we have met with our Social Services Block Grant administrators.

We also ensure—I think this is the most important thing—since these services through both SSBG and CSBG are delivered locally, we also make darned sure that they are working together, and that coordination survives up to the State level, where we then hold coordination meetings with not only the Department of Human Services, but also our Department of Energy and Department of Health, and a host of other agencies that are working with and through community action agencies. I think the General Accounting Office, if I could just throw in one other further piece of evidence, gave us a clean bill of health on that question, as well.

Senator HAWKINS. Can you tell us a little bit about the Human Services Coordination Board in Pope County, IA?

Mr. LYNCH. I am a little bit familiar with it. It is a consortium of all of those major providers, and it is something that is funded by all of the major participants—the city of Des Moines, Pope County; I believe the State has some money in it—who am I leaving out—because I think it is a four-part organization. And they do that very kind of thing on a more intense, regular, ongoing basis, and it is staffed on a full-time basis.

Senator HAWKINS. Thank you.

Mr. Bradley, how many CAA's have you visited in the last year?

Mr. BRADLEY. Somewhere—I think I would be accurate—between 120 and 140. I have been in, unfortunately, 46 States, some of those a few times. I have met with a number of Governors, and have met with a number of attorneys general, testified before State legislatures, met with advisory commissions, and met with a number of local elected officials as well.

Senator HAWKINS. What is the Puerto Rican problem you referred to?

Mr. BRADLEY. It is a scandal. It is an absolute tragedy what is going on in Puerto Rico. Since last fall, the funding for the program has stopped. It has stayed within the State bank account. What has happened is that in 1981, the State office went out of business, and a new community action agency was started, called ASPRI. And the State plan in 1982 indicated that this was the successor agency, serves islandwide, and it was about a $14 million program—larger than Florida, for instance. And in 1982, the State plan indicated that this was a successor agency.

What has happened since then is, through a lot of bureaucracy and sheer political chicanery, the State has decided they are not going to fund ASPRI, that they want to make the State itself an eligible entity, to have the State receive the money and then fund a department, to create 500 new jobs.

Well, we went to court late last fall and won in court. And the court ruled that ASPRI is the eligible entity, and they are to receive funding. The State has not funded them since then, and they are in contempt of court. Now there is a termination hearing. The problem is, it has had no leadership out of Washington, and tens of thousands of people who need those services are not receiving them. And I would be happy to provide further detail for the record, but it is a tragedy.

Senator HAWKINS. You mentioned there has been a great deal of personnel turnover in State and local offices. How do you think this affects the delivery of the services?

Mr. BRADLEY. One of the things I am troubled about is that—our delivery of services have never been better—but that the institutional concept of what a community action agency is, not what it was in the sixties, but just simply its uniqueness, sometimes that gets lost on some of the new employees. The importance and role of a board of directors of a community action agency—a lot of that training is not being addressed. I think if the program is to be strong, we need to address those areas, including State employees.

I find that some are—all of them, I think, are operating in the best interest of the program; some of them really do not know what the program is all about.

Senator HAWKINS. What is your opinion on the relationships between the local delivery programs and the Federal Office of Community Services? Do you have any examples?

Mr. BRADLEY. Very little relationship. And again, I do not want to see CSA re-created, with the fight that occurred in 1981. And I think Congress made the correct decision in the Community Services Block Grant in addressing getting rid of the Community Services Administration.

But there are little things that we should be doing to improve the relationships. Community action agencies overall nationwide have very little relationship with OCS. Any guidance that comes out on the program, we have to issue. We get on the average 30 or 35 attorney general offices calling our foundation for legal interpretations and guidance on what the program is doing. And it would be nice if the Office of Community Services would step in once in a while and address the best needs of the program. That does not happen.

Senator HAWKINS. Thank you.

We look forward to working with you. Are you aware, Mr. Bradley, of any discretionary grants that have been awarded outside the competitive process?

Mr. BRADLEY. Yes, there have been some small ones. I can provide some for the record.

Senator HAWKINS. We will excuse this panel.

Thank you very much for your participation.

I would like at this time to recall Mr. Speers to the witness table.

Mr. SPEERS. Thank you very much, Senator.

Senator HAWKINS. I hate to put you through this. I am usually the only one who sits through an entire hearing.

Mr. SPEERS. We are very appreciative of the opportunity to make some additional comments.

Senator HAWKINS. We heard from most of the witnesses that CSBG, in their opinion, does not duplicate services or clients of other programs, and I believe you heard the GAO testimony.

Do you still feel that extensive duplication is a major problem in your shop?

Mr. SPEERS. Senator, I really do, and I think that the testimony of the GAO has substantiated that, and I have reviewed that.

Senator HAWKINS. Could you give us an example?

Mr. SPEERS. I would say one of the examples that GAO used—and I think this is really very illustrative of the type of argument that the administration is making and that we feel very strongly about—when GAO went to the CAP agencies and asked CAP agencies, "Are you using moneys from the CSBG for the same activities that you are using moneys from the other program?" and it was indicated that they were not, one of the examples that was used was in daycare, for example; and that daycare services were being provided through Head Start for daycare programs, but that CSBG funds were being used for training—I believe it was the Head Start Program—they were being used for the training in that program. And when we checked with the Head Start offices, it was very clear that Head Start funds also are able to be used, legally permitted to be used, for training of personnel as well as for providing the services.

We have never made the argument that all of the CAP agencies are using CSBG funds for precisely the same activities that the other programs are able to be used for. We are making the argument that they can use those other funds for the same activities that CSBG funds are being used for.

We have never made the argument that there will not be some kind of impact by terminating $335 million that goes to CAP agencies. There will be an impact.

But the point that we are making is that the same kinds of activities, the same services to the same low-income individuals are being provided and will continue to be provided by the other programs that the CAP agencies administer rather than the CSBG.

I have heard a good many comments this morning on what community action agencies are doing. There have been very few comments, if any, on what the CSBG has been doing. The comments and arguments that have been used by many members of the panel seemed more suited to a hearing on the reauthorization of community action agencies, which this hearing is not about.

The administration is saying that the community action agencies will continue to exist; they will continue to provide the services that they are providing. In fact, the examples of community action agency work that have been given here this morning have dealt with such things as job training, have dealt with such things as fuel assistance, have dealt with such things as Head Start.

Ms. Blatch was very eloquent in her comments on the Head Start Program, and indeed, that has been a worthwhile program, and the administration is proposing an increase in the Head Start Program.

But we are talking about the Community Services Block Grant Program. The other programs that community action agencies receive totaling $2.4 billion, compared to the $335 million that the Community Services Block Grant Program provides, will continue, and will continue to be provided through community action agencies as well as through a host of other providers that these programs do use. And I think it is important to understand and to keep in perspective that the individuals who are the ultimate beneficiaries of these programs, that is, low-income people of this Nation, are the recipients of over 100 billion dollars' worth of other programs.

Community action agencies, as much as they are involved in providing these services, are not the only providers that make use of these funds and do provide these services to low-income people. After all, these are the people that we are concerned about, not necessarily concerned about the community action agencies.

I would like just to continue, if I may, Senator, to put this in perspective. For example, just 55 percent of the Head Start Programs are administered by the community action agencies. Only about 7 percent of the providers of food and shelter programs are CAP agencies. And, as I indicated earlier, only 9 percent of the providers of the Meals on Wheels Program were community action agencies.

The gentleman from the GAO indicated that in one CAP agency—and I did not write down all their examples, but one of the community action agencies stated that they used CSBG funds to fully staff four positions—the executive director, the assistant to the executive director, and I am not sure what the other two were. That community action agency, I am sure, provides many of the other Federal programs that we have been talking about—Head Start, JTPL, Weatherization, et cetera—each of which have administrative moneys authorized by Congress. And if the program were operating the way that it should be, or the way that Congress had intended, a portion of those staff positions would be allocated to those particular programs, rather than having the community action agency allocate the entire staff to the Community Services Block Grant.

Other providers are providing these programs without the benefit of CSBG funds. And we see no reason for the CAP agencies to be singled out as providers to receive additional supplemental Community Services Block Grant funds from the Federal Government.

Senator HAWKINS. Are there plans to transfer $5 million from the discretionary funds for the D.C. Homeless Shelter?

Mr. SPEERS. There have been discussions that have not been finalized, and a decision has not been made as to where the $5 million will be coming from for that shelter. There has been some discussion about the use of discretionary funds from the CSBG as a possible source of funding for that shelter.

Senator HAWKINS. Will that be done through the competitive process?

Mr. **Bradley**. That would not be done through the competitive process, no.

Senator **Hawkins**. We thank you, Mr. Speers. I have learned a lot from this hearing.

From the information that we have listened to today I think we can see that there is a growing need for construction of this program. I thank each of the witnesses for sharing with us their experiences and look forward to working with those who have participated here today and with my colleagues in reauthorizing this program.

The hearing is adjourned.

[Whereupon, at 12:22 p.m., the subcommittee was adjourned.]